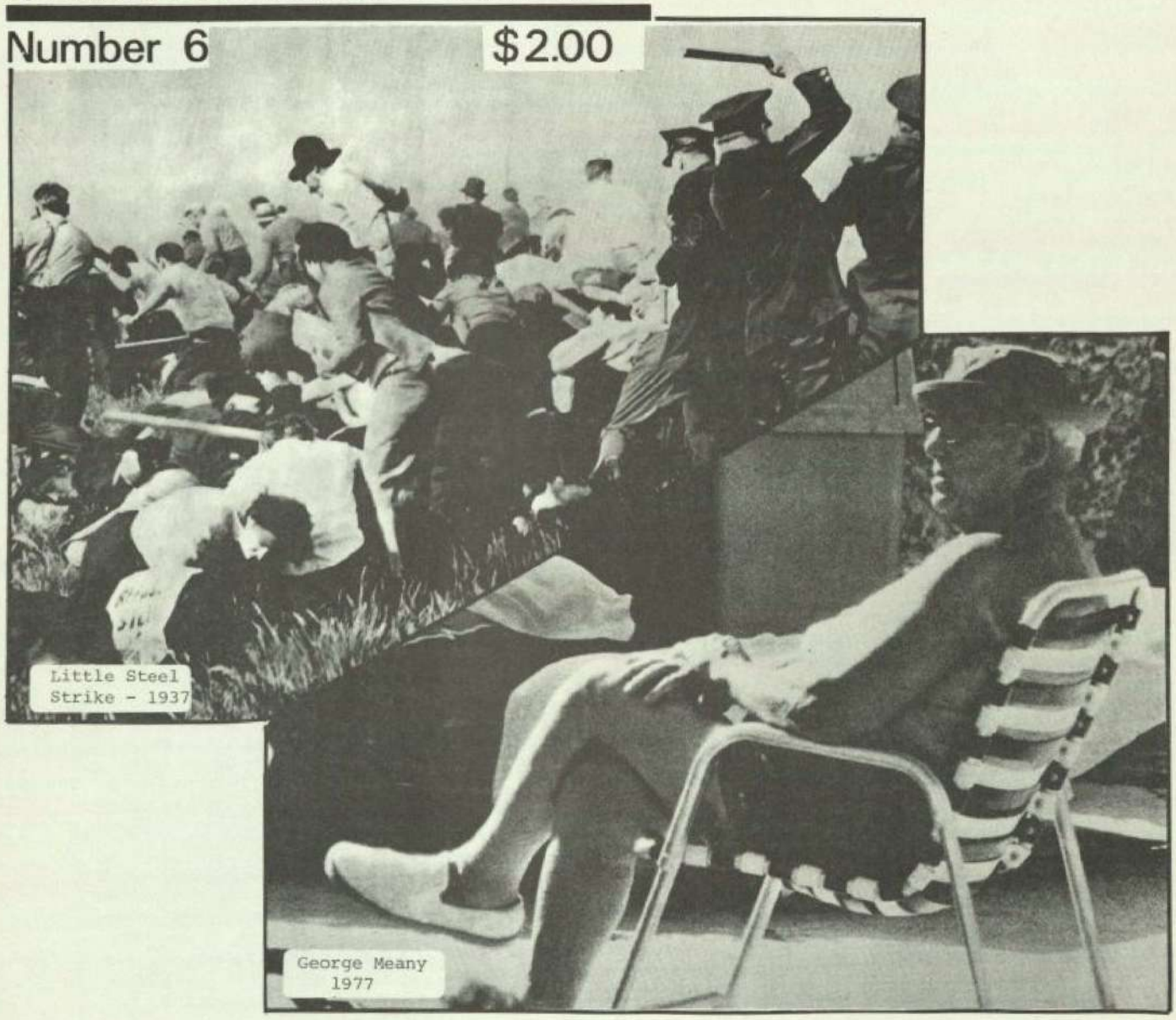
ROOT & BRANCH

A LIBERTARIAN SOCIALIST JOURNAL

Number 6 $2.00



CIO – REFORM TO REACTION ■ PANNEKOEK ON TRADE UNIONISM ■ UNION MYTHS ■ ROSA LUXEMBURG IN RETROSPECT ■ OBSOLESCENCE OF MODERN ECONOMICS

INTRODUCTION

As a journal of libertarian socialism, Root & Branch intends to examine present-day social activity from a political viewpoint that focuses on the relationship of the working class to capitalist society and on social movements that may lead to a reordering of human affairs. The material we print will address these themes, both as they relate to the legacy of past history and to the contemporary situation. While Root & Branch has strong opinions on the analysis of capitalism and on the forms of organization appropriate to the proletariat's revolutionary task, we have no set program. We are interested in publishing material compatible with the idea that the control of society must pass into the hands of those who produce it, which for us means the self-determination of the working class. Since libertarian socialists disagree on how this may be achieved in practice, Root & Branch plans to present these debates with a combination of theoretical, historical, and factual information. Finally, since we are sympathetic to several mutually contradictory strands of radical social thought, Root & Branch hopes to present, criticize, debate, and elaborate those ideas (whether developed by Marx, council communists, anarchists, libertarians, or other socialists) that offer guidelines for analyzing the evermore dire circumstances facing us and suggest strategies for creating a revolutionary solution.

This issue contains three articles on unions, articles on Rosa Luxemburg's Marxism and on the economic crisis of the 1970's, and a review of Guy Routh's The Origin of Economic Ideas.

During the 150 years of their existence, trade unions have played an ambiguous role in capitalist society. On the one hand, workers' efforts to improve their lot have often centered around unions, which at times have proved quite successful in securing economic and political gains. On the other hand, unions have also proved to be a source of constant frustration by helping capitalists increase productivity, thwart strikes, and adjust workers to periodic layoffs. In addition to supporting reactionary political movements, the unions, regardless of their more or less militant origins, have become organizations beyond the control of workers.

The Congress of Industrial Organizations (CIO) has been singled out by many historians as a federation that in its early years avoided many of the negative aspects of unionism. Only in the 1940's, it is thought, did the CIO, under the direction of its conservative leaders, return to the fold of traditional unionism as American society found a legitimate place for industrial unions. Elizabeth Jones disputes this tacit periodization of the CIO's history by liberal and radical historians alike. While the changing needs and moods of capitalists, workers, and the state eventually gave dominance to what has seemed to many radicals a minor theme in the 1930's, the CIO's later conservatism was evident from its conception. Tracing the development of the CIO-brand of "business unionism," she emphasizes the often ignored contradictions implied by the oxymoron, "revolutionary unionism."

Anton Pannekoek's "Trade Unionism" is an edited version of his article that appeared originally in International Council Correspondence 2(2): 10-20, January 1936. We are reprinting it here because we think it provides a good summary of the purposes and roles of unions. Pannekoek outlines in general terms both the benefits of union activities and the inherent limitations on the extent of their operations. Also, since the radical critique of unionism has a long, but largely unknown history, we are reprinting Pannekoek as a representative of that tradition.

Picking up where Pannekoek left off, Don Johnson brings these issues into the 1970's. In particular, he disputes some of the notions that leftists still have about "progressive unionism." As he puts it, "unions are businesses;" and, no matter how democratic they might become, their need to survive as organizations leads them in a conservative direction. He suggests an alternative model of workers' organization, which could either grow or disappear depending on the needs of its members as they respond to the changing phases of capitalist development. Successes would no longer be defined in terms of survival, but in the ability of workers to generate and control their own organizational forms. American leftists have limited themselves almost exclusively to the forms of working-class organization that have proven successful in the industrialized countries since the last world war or to vanguard parties. As the economic crisis deepens, interest in the critique of unions may emerge as alternative forms of organization are sought.

Rosa Luxemburg was one of the few Marxists to perceive the breakdown of the European labor movement at the beginning of this century. Her views, consequently, put her in opposition to the practices of both the Social Democrats and the Bolsheviks. In "Rosa Luxemburg in Retrospect," Paul Mattick regards Luxemburg as the most outstanding Marxist theoretician of the old labor movement. Mattick divides her ideas into

three areas: economic theory, her views on nationalism, and her conception of political organization; and, while he disagrees on several specific points, he praises her attempt to uphold a left-wing internationalism against the more conciliatory ideas of the Social-Democrats and Bolsheviks alike. Because of this, her views, if not in detail, then in intention, are still of importance today.

Contrary to the expectations of the bourgeoisie and the economists during the 1950s and 1960s, the international market system now finds itself in a deep crisis, and every move to correct the problems only leads to a deepening of some other problem. The new optimism of the economists consists of their hoping that this bad situation will somehow stabilize itself, and not deteriorate further. This economic and moral dilemma of capitalism is described by Fred Moseley in his article, "The Obsolescence of Modern Economics." As Moseley illustrates with numerous quotes, the economists and state planners can only hope, at this point, that the market mechanism itself discovers a means to recovery. The "state of the profession" is so pathetic that the "invisible hand" is now being revived as a valid economic concept, since direct economic intervention by the state is incapable of restoring profitable conditions.

We hope that Root & Branch will prove to be a worthwhile contribution to political debate. Forthcoming issues will include articles on feminism, China, computers, and economic theory. We will consider any articles that are sent to us, so send what you are working on. Also, we welcome letters on the ideas in the articles and/or the politics put forth in the journal.

We have been raising funds through forums, parties, friends, and sales of past issues, but this hasn't covered our production costs (around $750 per issue). Therefore we are starting a sustainer's subscription for supporters who can pledge to give $10, $25, or more as each issue appears. If you cannot afford to contribute in this way, please encourage friends, or anyone for that matter, to subscribe. Regular subscriptions are $6 for four issues, $8 for foreign subscriptions, and $15 for institutions. Also, please encourage bookstores to carry us. Bulk orders of any size can be gotten directly from us or through the CARRIER PIDGEON DISTRIBUTION NETWORK, 88 Fisher Ave., Boston, MA 02120.

ROOT & BRANCH
P.O. Box 236
Somerville, MA 02143

Contents

Introduction

The Obsolescence of Modern Economics 2

The CIO: From Reform to Reaction 7

Pannekoek on Trade Unionism 24

Union Myths 30

Rosa Luxemburg in Retrospect 36

Book Review: The Origin of Economic Ideas 48

Correspondence 52

AVAILABLE FROM ROOT & BRANCH

Root & Branch Pamphlet 1: Workers Councils, by Anton Pannekoek. $1.00

Root & Branch Pamphlet 6: Portugal: Anti-Fascism or Anti-Capitalism? $1.50

Root & Branch 4: contains a lengthy debate on Post-Scarcity Anarchism between Jeremy Brecher and Murray Bookchin. $1.50

Root & Branch 5: contains articles on the new workers' movement in Spain, the "revolt against work," and the Ehrenreich class theory, with an interview with Paul Mattick. $1.50

Paul Mattick, Marx & Keynes: Limits of the Mixed Economy (paperback). $4.95

Please add $.50 per item to cover postage and handling.

THE OBSOLESCENCE OF MODERN ECONOMICS

The U.S. economy is now going through its most serious crisit since the horrible days of the Great Depression. The "recession" of 1973-75 was the most severe decline in production and employment since the early 1930's. Economists now refer to this most recent recession as "the Great Recession." Furthermore, the "recovery" from the Great Recession has been the slowest of the post-war period. As a result, unemployment remains significantly higher than the 4% rate that is usually considered "full employement." The most optimistic economists forecast that the rate of unemployment will decline 1/2% a year until we finally reach the promised land of four percent in 1983 (just before you-know-what). Most economists are not so optimistic. The majority are counting the months to the next recession (will it begin in late 1978 or early 1979?) which will send the official unemployment rates back up to the 8-9% range and possibly even into double digits.

The situation in Europe is, if anything, worse than in the U.S. Europe already appears to be in the early stages of another recession. Unemployment in Europe increased last year, in contrast to declining rates in the U.S., and is expected to rise still further in 1978. The only question is by how much. A feature article in the New York Times Magazine (4/2/78), entitled "The Trouble with Europe," reported recently that:

> Europeans have a sense of being at the beginning of a downhill slide....There is a pervading sense of crisis....People are disillusioned and preoccupied. The notion of progress, once so stirring, now rings hollow.

One aspect of the current high levels of unemployment that is particularly disturbing to political leaders is that this unemployment is highly concentrated among young people. Roughly half of the people counted as unemployed in the major capitalist nations are under 25. This percentage is up from 30% in the 1950's, and is expected to increase still further. The rate of unemployment for those under 25 is in the 15-20% range, over twice as high as the overall average.

The problem of unemployment among young people was the main topic of conversation at the economic summit meeting last May (1977) in London. This meeting of the leaders of the seven largest capitalist nations took place soon after the riots of unemployed young people in several major cities in Italy in March of last year. These events were a highly visible reminder of the "explosive" nature of the current situation. President Valery Giscard d'Estaing of France called upon his fellow leaders to "beat back the ideological challenge of pervasive and persistent unemployment."

The New York Times (5/9/77) described the concern of the leaders as follows:

> The lack of jobs and the frustrations of recession have alerted these politicians to the menace a loss of prosperity would be to existing political systems. That is why they put such special emphasis on the unemployment of youth, which they feel threatens to create a whole new generation tending toward restless discontent and perhaps ultimately toward angry irresponsibility.
>
> What is to be done to recover the optimism, the momentum, the lost sense of secuirty of a period in which people were able to take their improving well-being for granted?

Another feature of the current economic crisis, and one which distinguishes this crisis from previous periods of prolonged high unemployment, is that prices are rising at the same time. The rate of price increases in the U.S. has slowed somewhat from the double-digit days

of 1973-74, but has remained "stuck" at around 6%. Moreover, most economists are forecasting that inflation has already "bottomed out" at this historically high level and is likely to accelerate in the coming year, Jimmy Carter's pleas for "voluntary restraint" notwithstanding. The price index reports for the first three months of 1978 indicate that another round of accelerating inflation is indeed on the way. Business Week (5/78) began a recent "Special Report" on inflation with the warning:

> Anyone who is not at least mildly panicked about the inflation outlook for the U.S. does not recognize the seriousness of the situation.

* * * * *

This kind of serious economic crisis was not supposed to happen anymore. Throughout the more prosperous days of the 50's and 60's, economists claimed that they had made a great discovery which had solved the problem of economic crises. Economists proclaimed to all who would listen (including a generation of undergraduates who had no choice) that "the business cycle has been rendered obsolete." Great depressions, they assured us, were a thing of the past. The discovery of modern economics meant that we need never--indeed shall never--incur the widespread suffering occasioned by periods of depression. Increasingly, economists talked not only about obliterating depressions, but also about "fine-tuning" economic activity to ensure a perpetual state of full employment.

The alleged discovery of modern economics was the use of government economic policies to eliminate whatever unemployment might occur. Whenever unemployment threatened, the economists suggested, the federal government should simply spend more money--or reduce taxes so that consumers would have more money to spend. At the same time, the Federal Reserve Board should print more money to pay for the budget deficits resulting from the expansionary fiscal policy. In effect, the discovery of modern economics was to print more money and spend it, in one way or another.

Economists argued that the skillful use of these fiscal and monetary policies would maintain a high and steady level of demand, which would eliminate the periods of depression that had in the past threatened the existence of capitalist economies. The ability of the government to regulate and control economic activity had ushered in a new era of permanent prosperity, the economists promised, which would make capitalism secure, once and for all.

Paul Samuelson, dean of economists in the U.S., likened the discovery of modern economics to the life-saving discoveries of modern medicine. Just as modern medicine had discovered the cure for smallpox and polio, Samuelson suggested, modern economics had discovered the cure for the economic disease of depression.

Unfortunately, there was one undesirable side-effect of this fiscal and monetary medicine which soon became apparent: if the medicine were applied in sufficient doses to bring the economy close to full employment, inflation would usually accelerate as unemployment declined. Charles Schultze, Carter's chief economist, has expressed the problem as follows:

> The problem is that every time we push the rate of unemployment toward acceptably low levels, by whatever means, we set off a new inflation.
>
> (NYT, 7/18/76)

The explanation of this inflationary side-effect of modern economics, in brief, goes something like this: when the government tries to "push" the economy toward full employment by spending more money and thereby increasing the demand for the products of capitalist enterprises, the businessmen who run these enterprises respond, at least in part, by raising their prices, rather than by expanding their output. This perfectly obvious and reasonable response by businessmen surprises and perplexes economists to this day. In the academic world of the economists, prices rise only when demand exceeds the capacity of the economy to produce; in other words, prices rise only in a situation of full employment and the full use of productive capacity. On the basis of this assumption, economists conclude that in a situation of high unemployment and substantial idle productive capacity, businessmen will respond to the government stimulus of demand by expanding output and employment, rather than by raising prices.

The businessmen, of course, refuse to play the game by these textbook rules. They experience the government stimulus of demand as an

increase in their sales. This increase in sales provides the businessmen with an opportunity to increase their profits by simply raising their prices, without the additional expense and risk required to expand output. It would be bad business to pass up such an opportunity. Thus, businessmen typically respond to the increase in their sales by some combination of increased output and higher prices, depending on the particular circumstances.

In the 50's and 60's (which the Wall Street Journal described recently as "the good old days when problems had solutions") nobody worried much about this inflationary side-effect of modern economics. The average rate of inflation during those years was less than 2%. In these favorable circumstances, economists and politicians were sometimes willing to "trade" a slightly higher rate of inflation for a reduction in unemployment. Economists called this policy option the "trade-off" between unemployment and inflation, and argued endlessly about the precise terms of the "trade-off" that were acceptable in a "democratic society."

However, in the 1970's, the rate at which businessmen are raising their prices has increased dramatically from the more tranquil days of the 50's and 60's. The rate of inflation in the U.S. since 1973 has averaged 8% a year. All nations have had double-digit rates of inflation for at least part of the 1970's; some nations for most of the decade.

Very briefly, the main reason for this sharp increase in the rate of inflation is that the rate of profit has declined significantly since the mid-1960's. The many different measures used to estimate the rate of profit all show a remarkably similar decline after 1965 (more on the reasons for this in future issues). Businessmen everywhere are well aware of and much concerned about this decline in the rate of profit. They are diligently searching for ways to increase the rate of profit back up to what they consider an "adequate return" on their invested capital. One obvious way to increase the rate of profit is to raise prices whenever the opportunity arises--and the government stimulus of demand provides just such an opportunity.

One leading investment banker summed up the current inflationary situation as follows:

> The industrial order of the day is this: whenever you can, raise the price. Businessmen are now rushing to raise their prices because they think they can get away with it and because they see a chance to raise their profits. And with unemployment still high, they expect wages to lag a bit behind.

In these less than favorable circumstances, economists and politicians are reluctant to apply the medicine of modern economics to the disease of unemployment. The inflationary side-effect of this medicine makes it no longer acceptable at a time when inflation is already a serious problem in itself. This explains why most governments have not adopted strong expansionary policies in recent years, in spite of the highest rates of unemployment since the Great Depression. They are too worried that such policies would set off a new round of accelerating inflation which would take off from an already high level. They fear further that such an inflationary spiral, like the last one in 1973-74, would eventually topple the economy back into recession, thus making unemployment worse rather than better "in the long run" (which means next year or the year after). This fear has been expressed most strongly by Alan Greenspan, chief economic advisor to former President Ford, and has come to be known as the Greenspan Thesis.

Thus, history has dealt the economists a cruel and ironic blow. Economists thought that modern economics had rendered the business cycle obsolete. Instead, the new form of the business cycle, in which high unemployment coexists with high inflation, has rendered modern economics obsolete.[1]

* * * * *

The obsolescence of modern economics has been widely discussed in the business press in recent years. The following excerpts are a small sample from this discussion.

In March, 1976, Business Week ran a feature article under the heading: "Conventional Fiscal Policies Don't Work." The article began as follows:

> Despite encouraging news about the strength of the U.S. economic recovery, one critical problem stubbornly persists. Even with recovery, unemployment will stick at a very high level: at least 5% through 1980. In Europe, economists and politicians anticipate that unemployment will not drop back to the rates of the early 1970's again in this decade. In the western world, something has changed radically in political economics. Economists and politicians now agree that the traditional modes of stimulating economies by government spending or increasing the money supply will not end high unemployment. These conventional policies will only create additional inflation in economies that have suffered too much inflation for years.

[1] For anyone interested in a more thorough analysis of all this, the best starting point is the writings of Paul Mattick, especially Marx and Keynes: The Limits of the Mixed Economy (available through Root & Branch). Long before the "limits of the mixed economy" became so painfully obvious, Mattick argued that those limits would sooner or later be reached, after which capitalism would fall once more into a period of depression. Well, here we are.

> The fear is that high unemployment rates will trigger severe political upheavals....

More recently, Business Week complained about the "soporific atmosphere" of the latest meeting of the American Economic Association and criticized the economists for their failure to come up with any new remedies for the business cycle:

> The sessions of the AEA boringly demonstrated to anyone who could flog himself into listening that the economics profession faces intellectual bankruptcy. There were simply no important new ideas for proceeding with the nation's most pressing economic task: pushing inflation down and employment up at the same time.

The New York Times is also upset about what it has called the "bankruptcy of modern economic theory." In a recent editorial (9/24/77) entitled "Paralyzed Economists, Stagnant Economy," the Times lamented:

> A decade ago if unemployment were frozen at a high rate and the economy appeared headed for a slowdown, a Democratic President surely would have called for major economic stimulus - a tax cut, a spending increase, or both. But not now. Despite the unsatisfactory performance of the economy, policy is paralyzed here and elsewhere in the industrialized world because economists fear that faster growth would generate more inflation and, ultimately, sink us into another recession. We are left with uncommon inflation, high unemployment, and fearful economists.

Perhaps the clearest expression of the obsolescence of modern economics comes from the

politicians. Chancellor Helmut Schmidt of West Germany has confided to friends (according to the New York Times) that "he feels an utter loss in the face of a situation for which economists no longer have solutions. Nobody, he complained, even thinks he knows what to do."

Prime Minister James Callaghan of England had publicly acknowledged the failure of fiscal policies. In a speech to the British Labor Party conference in September 1976, Mr. Callaghan spoke frankly:

> We used to think you could just spend your way out of a recession and increase employment by cutting taxes and raising government spending. I tell you, in all candor, that the option no longer exists. It only worked in the past by injecting bigger doses of inflation into the economy, followed by higher levels of unemployment as the next step....The cozy world, which we were told would last forever, where full employment could be guaranteed by a stroke of the Chancellor's pen, is gone.

The New York Times reprinted excerpts from this speech with the title: "Mr. Callaghan Talks Business."

* * * * *

Recognition of the obsolescence of modern economics reveals the emptiness of the promises contained in the Humphrey-Hawkins Full Employment Bill, which passed the House last fall and which will soon be taken up by the Senate. This bill requires the President to prepare programs designed to reduce unemployment to 4% by 1983 and keep it there. But the bill itself legislates no specific programs. The task of devising new strategies that will reduce unemployment without making inflation worse is left to the President and to future legislation. Furthermore, the bill allows the President to recommend delays in the timetable for reaching full employment "as circumstances dictate."

As this bill was being considered in the House last fall, the New York Times ran an editorial entitled "The Hollow Promise of Humphrey-Hawkins." In this editorial, the Times remarked that this bill is a "mandate without a method" and that "the problem is not a lack of will to reduce unemployment; the problem is that the government simply does not know the way to reach the goal."

A.H. Raskin, veteran commentator on "labor affairs" for the Times had this to say about the Humphrey-Hawkins Bill:

> This bill arrives at a time when there is scant public belief in the government's ability to deal effectively with any major economic problem. This skepticism is strengthened by the

meager accomplishments of past attempts to reduce unemployment.

More recently, the Times used even stronger language. This time, the title of the editorial was: "The Cruel Hoax of Humphrey-Hawkins"--perhaps inspired by ex-President Ford's remark that the promise of a quick return to full employment was a "cruel illusion." The editorial argued that this bill

> would legislate wishful thinking.... The bill would not create one new job; it would merely legislate a good intention.... The riddle no one can answer is how to use government economic policies to drive unemployment down to the promised land of 4 percent without triggering a worse inflation, and, perhaps, an accompanying recession.
>
> The Humphrey-Hawkins Bill does not resolve that issue. It ducks it by proclaiming a promise that no one knows how to keep: let the goal be set and then someone will somehow figure out how to meet it. If not, the goal can always be changed.
>
> The bill would play a cruel hoax on the hard-core unemployed, holding before them the promise--but not the reality--of a job.

* * * * *

Hollow promises were also the main events at the London summit meeting last May. The seven leaders acknowledged the unprecedented numbers of people unemployed in the advanced capitalist countires and pledged to create jobs for them. And yet no one there suggested any new policies as a means of accomplishing this task.

Prime Minister Callaghan sounded a familiar theme when he pointed out that "nobody quite knows any more why the economic ills of our countries no longer respond to the same old medication, nor how to prescribe correctly for simultaneous ailments that used to be opposites."

The New York Times, as you remember, asked in an article about this summit meeting:

> What is to be done to recover the optimism, the momentum, the lost sense of security of a period in which people were able to take their improving well-being for granted?

The Times answered:

> Nobody has been able to devise a simple overall formula. So the leaders have taken to grouping, experimenting with one measure at a time, hoping that a new system of stability will eventually evolve.... There are no guarantees that the effort will work....

The leaders are fighting a losing battle. In my opinion, we are in the initial stages of yet another worldwide capitalist depression, which no amount of government tinkering will be able to avoid. It is still too early to say much about the length and severity of this depression, but there is no reason to believe that it will be any less severe than the last one. It could be worse. (More on this in coming issues.)

Like all capitalist depressions, this depression will eventually be characterized by widespread bankruptcy of business firms and drastic reductions in the living standards of most of us. While economists and politicians "grope" for ways to avoid this outcome without disturbing the ownership and control of the world's productive resources by a small percentage of the population, the rest of us will probably have to devise more drastic solutions of our own.

F.M.

PUBLICATIONS OF INTEREST
TO READERS OF ROOT & BRANCH

SYNTHESIS
P.O. Box 1858
San Pedro, CA 90733

THE NEW SOCIALIST
Box 18026
Denver, CO 80218

SPARTACUS
5, rue Ste-Croix-de-la-Bretonnerie
Paris 4, France

COLLEGAMENTI
Per l'organizzazione dretta di classe
Gianni Carrozza
C.P. 1362
50100 Firenze, Italy

MARXIANA
C.P. 5
Bari-Palombaio
70036 Italy

RED MENACE
P.O. Box 171
Station D
Toronto, Ontario
Canada

NOW AND AFTER
A World to Win
P.O. Box 1587
San Francisco, CA 94101

THE CIO: FROM REFORM TO REACTION

The story of the Congress of Industrial Organizations (CIO) has generally been seen by American leftists as one of glorious struggle, as that of a revolutionary movement that might have been. By and large, liberal historians have celebrated the CIO as the harbinger of enlightened labor relations. Most radicals, while decrying this modernized form of exploitation, have glossed over important aspects of the history that conflict with their political analyses and hopes. Would-be organizers of various persuasions have been quick to blame CIO leaders for its decline in militance. Social democrats have either claimed the CIO as an evolutionary advance toward socialism or bemoaned its failure to develop independant political action along the lines of European labor parties. While Trotskyists have accused the Communist Party (CP) of destroying radical initiative in the CIO, other Leninists have deplored the CP's adherence to the Soviet line, which they think dampened militance during the war and hampered the trade-union work of dedicated Communist organizers. Unable to deny the CIO's failure as a revolutionary movement, some New Left historians have turned from an examination of its objective record in action (which after all was determined by elites) to focus on the more encouraging subjective aspects of the rank and file. Debates over when the CIO lost its revolutionary potential have alternated with applause for "labor's giant step" to trade-union consciousness, but the ideology of revolutionary unionism has remained unscathed. Indicating the resilience of American capitalism despite the severe crisis conditions of the 1930's and 1940's, significant numbers of workers never consciously experienced nor surpassed the constraints of unions on their movement. Perhaps because of this, most American leftists have not considered the contradictions inherent in revolutionary unionism, and the critique of this concept (elaborated by Luxemburg, Rühle, Pannekoek et al. in the context of the social upheavals following the first world war) has remained unknown. The following interpretation applies this critique of unionism to the history of the American labor movement's response to the last world crisis in the hope that, by objectively analyzing this disappointing history, we might anticipate the role of unions in the current depression and more surely direct our efforts to break capital-labor relations and create a classless society.[1]

THE GREAT DEPRESSION

Since the CIO emerged in response to protracted depression conditions, the failure of previous political combinations to solve the Great Depression to their advantage should be examined not only to situate the CIO in its historical context, but also to provide a basis for comparison with the futile attempts of capitalists, governments, unions, et al. to halt the present economic decline. By 1933, after a decade of defensive decline, the American Federaltion of Labor (AFL) had lost most of its money and much of its membership, which had fallen by half to include only 5.2% of the total (or 11.3% of the nonfarm) workforce.[2] The AFL faced the depression with resignation and no effective strategy as its monopoly on skilled labor-power was undermined by rising unemployment, which left 24.9% of workers jobless and most union members without regular work.[3] Despite its traditional opposition to government interference, a policy that matched pre-depression production relations and the laissez-faire ideology of the bourgeoisie, the AFL did go so far in early 1933 as to support a Congressional thirty-hours bill, which aimed to spread employment by reducing the workweek and wages. Since this bill was vehemently opposed by business and vetoed by President Franklin D. Roosevelt (FDR), Secretary of Labor Frances Perkins proposed a compromise plan that called for a 35-hour week,

a minimum wage, and a relaxation of the anti-trust laws to permit trade association agreements. The AFL, however, rejected her plan on the grounds that the minimum wage would tend to become the maximum. Fearing that minimum-wage and social-insurance legislation might rival the benefits offered organized workers under existing contracts, the AFL was to continue to withhold its support from such protective legislation throughout the decade.

The AFL's passive strategy was opposed by the leaders of the industrial unions, whose territories in the highly competitive textile and coal mining industries had been threatened by a harbinger slump during the "prosperity decade" of the twenties. Sidney Hillman of the Amalgamated Clothing Workers (ACW) and John L. Lewis of the United Mine Workers (UMW) were early advocates of state intervention to save the economy, particularly through the promotion of unionization, which the depression was threatening with extinction. Owing his success to the ACW's spectacular growth during the first world war (under the protection of the War Labor Board's collective bargaining policy in the Army-uniform business), Hillman championed national economic planning as the solution to this equally serious national emergency. He urged the government to intervene through tripartite (i.e., business-union-government) planning councils, before private industry's ineptitude allowed misery to create forces out of political control. He envisioned these councils extending on a national scale social-insurance programs pioneered by the ACW in the 1920's, which had included payroll deductions for unemployment insurance, guaranteed savings banks and housing, work sharing, minimum wage rates, and even loans to floundering firms.[4]

Not only labor statesmen had experienced the efficacy of unions in equalizing wages in the highly competitive, over-extended industries. As employers' trade associations failed to guarantee profits by regulating wages and production, some capitalists began to reconsider unionization. Gabriel Kolko describes the change in attitude of some Northern bituminous-coal operators:[5]

> Only the UMW, which both the association members and independent coal operators tended to unite to oppose, advocated the use of public authority to introduce order in an industry which invariably sought first to solve its problems by wage cuts, thereby decimating the union. By the time the Depression brought yet new disasters, many industry leaders and larger firms acknowledged the failure of voluntary trade association efforts and were increasingly prepared to impose stability and cooperation on the unprofitable, competitive industry. Indeed, in such industries only unions provided the remaining nonpolitical hope for coordinating and restraining competitive conditions on a national scale, a fact that won the employers associations to the union cause in garments before the war and was eventually to influence labor relations in coal and many other industries.

Whereas industries with high capital concentrations could rely on trusts and oligopolistic leaders to police their agreements to reduce costly competition, smaller capitalists often turned to outside organizations--such as rackets, unions, and governments--as the most effective means of enforcing regulation beneficial to the trade's more powerful firms.[6] When successful, these regulating agents reduced competition in fields of easy capital entry by exacting tribute in the form of protection premiums, union dues, or taxes. But the inroads of runaway shops and new mines during the 1920's, followed by the depression, so weakened the hegemony of the textile and mining unions that they needed government backing to eliminate "sweating" and shake down firms that wouldn't see reason.

Since before the first world war, Northern textile manufacturers had augmented their economic attack on the cheap labor supply of their Southern competitors by seeking legislation to establish a national minimum wage, prohibit child labor and women's nightwork, and promote unionization. In the depths of the depression they found political support in the recovery proposals of former members of the War Industries Board--Bernard Baruch, General Hugh Johnson, and Gerard Swope. U.S. Chamber of Commerce President Henry Harriman's voice mingled with these Northern liberals' lament over the disruptive effects of "uneconomic competition" in his call for the suspension of the Sherman and Clayton Anti-Trust Acts, which, to the annoyance of big business, had been enacted in a futile attempt by small capitalists to halt the advancing concentration of capital that threatened to expropriate them. While Harriman and Swope urged business to take the initiative in stabilizing production to avoid government interference, Swope's plan included employee and possible union participation. Fondly recalling the "efficiency" of their economic planning during the war, when former antagonists were encouraged to join hands to share the spoils, Baruch and Johnson implied that a return to the good old days would follow the formation of "trade associations for mutual help" and business' self-regulation under government supervision.[7]

The blatant lack of profits to share, however, did not escape some of FDR's advisors and various labor sympathizers, who, on the basis of an underconsumption theory of crisis, called for government intervention to halt the downward spiral of prices, wages, and production. In addition to relief measures and public work programs, they supported unionization as a means to boost consumption and the production it would engender. The powers behind these various strains of thought combined under

the New Deal to produce the National Industrial Recovery Act (NIRA), which in June 1933 replaced ex-President Hoover's inadequate voluntary schemes with six hundred industry-wide "Codes of Fair Competition." Trade association agreements would now be legally enforced by FDR's National Recovery Administration (NRA), directed by General Johnson.

Lobbied for by Lewis, Hillman, and Senator Robert F. Wagner, the NIRA included a "Section 7a," which outlawed yellow-dog contracts (i.e., promises not to join a union as a condition of employment), provided "that employees shall have the right to organize and bargain collectively through representatives of their own choosing," ang gave the President power through the NRA to prescribe maximum hours, minimum pay, and working conditions. With this legislation the New Deal's mutually antagonistic coalition of big business, smaller capitalists, farmers, and unions, while groping for a solution to the crises, took its first faltering step toward managing the social unrest. Blindly seeking to restore a profitable basis for further capital accumulation, they were stymied by the political power of economically weaker capitals, who resisted the expropriation essential for national recovery. Their mutual struggle to shift the burden of loss onto others exemplified Marx's description of the depression's healing process:[8]

> So long as things go well, competition effects an operating fraternity of the capitalist class, as we have seen in the case of the equalization of the general rate of profit, so that each shares in the common loot in proportion to the size of his respective investment. But as soon as it no longer is a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another. The class, as such, must inevitably lose. How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. The antagonism between each individual capitalist's interests and those of the capitalist class as a whole, then comes to the surface, just as previously the identity of these interests operated in practice through competition.
>
> How is this conflict settled and the conditions restored which correspond to the "sound" operation of capitalist production? The mode of settlement is already indicated in the very emergence of the conflict whose settlement is under discussion. It implies the withdrawal and even the partial destruction of capital.

Although the NIRA soon proved inadequate, the New Deal was able to hold the economy together until the second world war externalized the competitive struggle and the American victory temporarily solved the nation's economic problems, thus allowing the liberal, Keynesian explanation of the New Deal's success some false advertising.[9]

THE NIRA PERIOD

As industry counted on the President and the courts to favor capital in their interpretations of the law's ambiguities, the NIRA soon ran upon the rocks of resistance hit by previous attempts at voluntary regulation. Even in those industries where unions had the support of stronger firms, their efforts to force recalcitrants to terms through strikes and boycotts were hampered by the lack of government backing. Nonetheless, massive organizing drives in coal mining and textiles managed to have increased wage minimums incorporated into the NRA codes for their industries. Another temporary triumph for the unions grew out of a dressmakers' strike in Reading, Pennsylvania. The FDR-appointed National Labor Board (NLB) (precursor of the National Labor Relations Board [NLRB]) in July 1933 settled the strike with the "Reading Formula," an interpretation of Section 7a that provided for majority-rule, secret-ballot elections of exclusive agents to represent a group of workers ambiguously known as a bargaining unit (an ambiguity that would later be ironed out by the NLRB). Southern sweatshops, however, evaded NRA code provisions with the "Stretchout" (i.e., labor intensification), blatantly ignored Section 7a by firing union members, and refused to hold Reading Formula elections.

Rather than oppose unionization outright, most mass-production manufacturers, who regarded unions as unnecessary expenses and threats to their absolute control of production, expanded their "employee representation plans" developed in the 1920's or established new company unions, which by the end of the NIRA period gained three times more members than the AFL unions did.[10] In September 1933, miners challenged the company unions in the "captive" mines (owned by steel corporations) with a strike for UMW recognition despite Lewis's efforts to restrain them while he negotiated the NRA code with the less resistant, smaller operators of the "commercial" mines. By late October, after withstanding considerable violence, the 100,000 strikers compelled FDR to enforce their NIRA-given right to form independent unions. Several giant electrical concerns also accepted union advances when persuaded by strikes, as was

Philco, or by economic reason, as was General Electric (GE) President Gerard Swope, who since 1926 had sought an industrial "organization with which we could work on a businesslike basis."[11] Irving Berstein's description of the settlement won by a nascent AFL union reveals an attempt by the largest radio manufacturer to

use the union to reduce labor disruption and equalize labor costs with its competitors:[12]

> To the fledgling organization's amazement, Philco on 15 July [1933] signed an agreement providing for the eight-hour day, the forty-hour week, time and one half for overtime, abolition of penalties for bad work, payment for waiting time between jobs, shop committees to handle grievances, and minimum wages of 45 cents for men and 36 cents for women. . . . The management, hoping to eliminate its "labor problems," granted the union shop on August 17, requiring new employees to join within two weeks of hire. Finally, it obtained a commitment from the local, underwritten by [AFL President] Green that no other radio union chartered by the AFL would accept wages lower than Philco's and that the union would not demand higher rates unless they were incorporated in the NRA radio code or were paid by a competitive firm.

In defeating these electrical and steel company unions, industrial unionism thus established beachheads on the anti-union shores of basic industry.

Most large corporations, however, managed to avoid unionization--some by defeating strikes, others by nipping union organization in the bud with elaborate labor-spy and strong-arm operations, and others by increasing defiance of the NLB's orders. As depression conditions doomed most strikes to failure, even the militant autoworkers failed to establish industrial unions under the NIRA. The Industrial Workers of the World (IWW) appealed to some workers as a rank-and-file controlled, direct-action industrial union with low dues and no contracts. Its organizing campaign in Detroit, however, was decimated by the loss of its strike at Murray Body in the fall of 1933, later analyzed by strike committee chairman Fred Thompson:

> The process of organizing or trying to get workers to organize endured through the summer with little results, until at Murray Body, just before changeover of model and consequent reduction of company operations; as workers belatedly began to "hive" around the IWW they found themselves laid off the next week and attributed this to the fact they had joined; this forced the IWW to act; we sought some workable compromise as rotation of work, etc.; and the Murray board refused to go along, though they did meet with us. We pulled the plant. It was a strike we could not win, and it cramped our efforts at various other plants. Through that winter we did our utmost to visit those workers and retain a base, but our "eggs were in one basket" and were smashed.

Business defiance of the NLB spread after December 1933, when Weirton Steel's refusal to hold representation elections brought the Reading Formula to a legal stalemate while this test case awaited judicial review. Soon after FDR's February proclamation of support for his tottering NLB, the NRA announced its competing 7a-interpretation that safeguarded company unions behind the principle of "proportional representation," which preserved "minority bargaining rights" by allowing several unions per bargaining unit (as opposed to the NLB's certification of "exclusive bargaining agents" elected by majority vote). In March 1934, FDR applied the NRA's interpretation in his NRA-auto-code settlement, which by sanctioning the auto company unions decimated the weak AFL locals. Autoworkers deserting the AFL after this defeat were soon joined by rubber- and steel-workers exasperated with the "National Run Around" and the AFL's defeatist stalling manoeuvers. While the frustrated NLB chairman, Senator Wagner, started his campaign for legislation to resuscitate the Reading Formula and reaffirm workers' right to organize independent unions, some workers began resorting to the law of "might makes right."

Spring of 1934 brought industrial warfare as local unions broke through the fetters of the inert AFL to test their strength against their employers and the various government forces arrayed against them. In May a losing strike for union recognition at Electric Auto-Lite escalated into the Battle of Toledo (Ohio) as the local, radically-influenced unemployed league joined the strikers in defiance of court injunctions against mass picketing. After two days of rioting in which two men were shot dead by National Guardsmen, the factory was shut down. Although they won only a small wage increase and union recognition, Toledo strikers and their supporters showed that class action could force concessions from the staunchly anti-union auto industry. Shortly thereafter, a well-organized teamster strike in Minneapolis underlined the importance of military tactics as roving pickets stopped commercial traffic for days and a club-carrying crowd foiled a strikebreaking attempt by police and deputized citizens. Although sympathetic to the strikers, Governor Olson of Minnesota responded to the deaths of two socialites in this Battle of Deputies Run with a declaration of martial law, whose supposed maintenance of the status quo soon eroded the strikers' position by permitting a gradual restoration of commercial traffic. Only by disregarding the strikebreaking martial law did strikers pressure the Governor to turn the table on the employers, who eventually conceded a minimum wage and union recognition according to Reading Formula elections.[14]

The NRA's principle of proportional representation was challenged in the West Coast waterfront strike. In May, when the damaging strike was three weeks old, the Waterfront Employers of San Francisco signed an agreement with the corrupt president of the International

Striker hits a homerun for the teamsters in the Battle of Deputies Run, Minneapolis, 22 May 1934.

Longshoremen's Association (ILA) granting wage increases but preserving the daily hiring system aptly described as a slave market. Angry strikers rallied behind radical caucus leader Harry Bridges to reject the ILA "sweetheart" deal and renew their demand for a union hiring hall, which the bosses refused as a closed shop outlawed by the NRA's interpretation of 7a. In July, after the killing of two strikers in a brutal attack on pickets by police attempting to open the port, pressure rose for a general strike, which the city's AFL Central Labor Council called reluctantly, coordinated poorly, and terminated at the earliest possible moment. Although the longshoremen won a de facto union hiring hall and wage increases, the weaker maritime unions did not gain recognition because of their reliance on the conservative strike committee.

That not all tests of strength in the NRA period brought union advances was evidenced by the terrible defeat of the textile strike in September 1934. Exasperated with a NRA cotton textile board that had failed to enforce Section 7a, workers struck for higher wages, an end to the nerveracking stretchout, and recognition of the United Textile Workers (UTW). In desperate attempts by flying squadrons and picketing crowds to shutdown strikebreaking mills from New England to the small towns of the hysterically anti-union South, strikers, who by 18 September numbered 420,000, soon met the resistance of scabs protected by troops, who in the South alone numbered over 25,000. With a death toll of fifteen, mass arrests, evictions, and seizures of relief funds, the UTW called off the strike on 22 September with nothing offered but massive reprisals.[15] Not only was the UTW decimated, but memories of this disaster lingered and contributed to the South's continuing resistance to unionization.

The state's response to these upheavals had a major impact on their outcomes. Local governments invariably sided with the bosses by providing police and special deputies to maintain law and order; and, when these strike-breaking efforts provoked violence, state governors called out their National Guards. Capitalists could also rely on the courts to issue injunctions to halt picketing and other strike activities. Both capital and labor, however, appealed to the President in their hours of need. Since FDR always sided with strength when forced off his political fence, union pleas for Reading-Formula-style justice were answered with requests for strike postponements, mediators, disastrous settlements (such as in autos and textiles), and feeble recommendations of amnesty for strikers.

While they usually relied on local law enforcement and shunned federal intervention in their affairs, embattled capitalists and regional politicians in fear of insurrection occasionally turned to federal authorities for support. Not only had governors always received troops whenever they thought strikes threatened their authority (e.g., the Great Upheaval of 1877, the 1892 and 1897 Coeur d'Alenes mine strikes, and the 1919 Seattle General Strike), but also presidents sometimes pressured, preempted, or overrruled those governors who failed to intervene in strikes threatening the national interest (e.g., the 1894 Pullman strike, IWW strikes during the first world war, and the 1922 UMW strike).

FDR became the first president to refuse to send the army immediately to quell labor disputes. Assessing the textile strike form the more detached viewpoint of the general (capitalist) interest, he held troops in abeyance despite the Rhode Island governor's plea for "drastic action" to prevent "riotous mobs" from storming his statehouse.[16] As the longshoremen's strike heated up, San Francisco newspapers screamed about endangered sacred American traditions, while Orgeon's governor claimed the strike was "beyond the reach of state authorities" in his request for army intervention. While California's governor petitioned the U.S. Immigration Service to deport alien strikers, its U.S. Senator Hiram Johnson called for FDR's aid saying, "Here is revolution not only in the making but with the initial actualities. . . . Not alone is this San Francisco's disaster but it is [the] possible ruin of the Pacific Coast.[17] A Los Angeles Times editorial epitomized West Coast business' alarm:[18]

> The situation in San Francisco is not correctly described by the phrase "general strike." What is actually in progress there is an insurrection, a Communist-inspired and led revolt against organized government. There is but one thing to be done--put down the revolt with any force necessary.

Advised, however, by Secretary of Labor Perkins that the general strike committee was "in charge of the whole strike . . . and represents conservative leadership," FDR, biding his time on a Pacific cruise, won his gamble that the strike would resolve itself at the expense

of the Republican shipowners, who, in his judgment, exaggerated the threat to the nation posed by a dispute over union security.[19]

Though circumspect in handling major strikes, FDR did not promote unionization. While like all twentieth-century American presidents he accepted the principle of collective bargaining,[20] his labor policy concentrated on relief measures, minimum wages and standards for working conditions, and social insurance programs. Murray Edelman provides a good summary of FDR's record with organized labor:[21]

> He invariably failed to support labor legislation actively until he was convinced it had adequate political support, and he sometimes sabotaged pro-labor policies already declared to be the law because of strong business pressures. In killing the Black thirty-hours bill, in his occasional pro-business interventions in NRA, in his long delays in supporting the 1934 and 1935 Wagner bills, the 1934 unemployment insurance bills, and the 1934 Railway Labor Act amendments, in his order to cut relief sharply just before the 1937 recession, and in his ambivalent statements during the sitdown strikes, he showed himself less the proponent of the things labor was demanding than a consummate politician interested in a program that would have maximum effectiveness and popularity. He showed it again in viewing the NLRB from 1935 to 1939 as unduly independent in its policies, unpredictable, and often embarassing politically.

THE WAGNER ACT AND THE RISE OF THE CIO

Amid fresh memories of the summer's violent strikes, the more liberal Democratic Congress elected in November 1934 proved more receptive to Senator Wagner's efforts to replace the NIRA, whose failure as a depression cure and guarantee of collective bargaining was obvious. Since the March auto settlement, Wagner had sought legislation to strengthen the NLB's power to curtail employers' union-busting privileges, which had enabled them to circumvent workers' right to join unions (granted almost a century earlier). In July 1935, Wagner's National Labor Relations Act finally outlawed employers' "unfair labor practices," including company support of unions, and required them to "bargain in good faith" with freely chosen representatives of the majority of workers in bargaining units to be delimited by the NLRB. The Wagner Act also empowered the NLRB to surpervise representation elections, certify exclusive bargaining agents so elected, investigate and prosecute employer interference, and seek court injunctions to enforce its decisions. In short, proportional representation was rejected in favor of the Reading Formula, which was given the force of law.

A detail from "Trouble in 'Frisco," by Fletcher Martin

Interpretations of the Wagner Act as a conscious plan of capital to reintegrate potentially revolutionary workers into the system via unionization ignore the complexity and uncertainty of the situation. As with the NIRA, a coalition of mutually conflicting interests produced legislation whose application would be determined by a dynamic interaction of political and economic forces as the depression took its course. Although the more conservative NIRA backers, whose influence centered in the NRA, dropped form the coalition, most interests behind the NIRA (e.g., Northern textile manufacturers, retail magnates, organized labor, et al.) rallied behind Wagner in their continued search for an amenable solution to the depression. The NIRA's rationale of business self-regulation to eliminate unfair competition was now supplanted by arguments that economic recovery was thwarted by the underconsumption of workers and the disruption of commerce due to strikes. Collective bargaining, it was argued, would eliminate most strikes; and, unionization would booste mass purchasing power by redressing the imbalance in the economy caused by the disproportionate power of concentrated capital. Calling for "industrial democracy" to supplement political democracy, many Democrats from industraial regions sought labor support and promoted unions as sources of a new breed of junior statesmen, who would defend workers' economic interests and democratic rights on the job against the abuses of corporate totalitarian rule.

Passage of the Act was facilitated by its ambiguity and the uncertainty of its application. To secure the AFL's approval, Wagner vaguely left to the NLRB's discretion the jurisdiction of bargaining units (i.e., the specific designation of which workers would be eligible to vote for NLRB-certified bargaining agents for a craft-, plant-, or industry-wide bargaining unit). Since the Supreme Court had declared the NIRA unconstitutional in May 1935, business relaxed its oppostion to the Wagner Act in anticipation of lax enforcement and eventual judi-

cial invalidation. Because neither business nor the AFL could foresee the development of the CIO and its encouragement by the NLRB's preference for industrial bargaining units, the law passed without the vehement opposition that was to develop later.

While signaling to liberals a need for "industrial democracy" and collective bargaining machinery to handle labor disputes, the 1934 strikes also had demonstrated concretely the limits of workers' militancy, their strike power in various industries, and government reactions, and had elucidated the possibilities for establishing industrial unions under the new legal protection of the Wagner Act. The AFL, however, hesitated to take advantage of the improved climate for organizing. At the peak of NIRA agitation, teamster boss Dan Tobin had still maintained that the semi-skilled mass production workers were too weak to warrant a union leader's attention:[22]

> The scramble for admittance to the union is on. We do not want to charter the riff-raff or good-for-nothings, or those for whom we cannot make wages or conditions. . . . We do not want the men today if they are going on strike tomorrow.

At least in terms of money and membership his judgment that unskilled workers were "unfit for unionism" had been supported by historical evidence. Up to 1934 unskilled workers had been too easily replaced, too isolated and divided, and too poorly paid to threaten or pull off the strikes necessary to establish and maintain a union domain and to extract the wage increases necessary to sustain dues payments and union officials. Previous attempts to organize permanent unions of semi-and un-skilled workers had failed except in coal mining and the needle trades. The idea of One Big Union had been introduced by the populist Knights of Labor in the 1870's, narrowed for application to the railways in the early 1890's by Eugene Debs, and developed as "revolutionary industrial unionism" by the IWW during the decade before the first world war.[23] While the Knights had lost significance as a workers' movement because of its opposition to the eight-hour-day agitation, Deb's American Railway Union might have succeded as an industrial union for the railroads (as this strategic, early capitalized sector has elsewhere spawned early organizations of this type) had it not been wiped out by the military repression of the Pullman strike in 1894. The IWW had used defiant direct action to further spontaneous strikes of textile millhands, steelworkers, migrant farmworkers, lumberjacks, hard-rock miners, and other "marginal" workers. While they received a lot of notoriety for several spectacular victories and for their revolutionary propaganda, their unions did not maintain large numbers of dues-paying members even before their suppression as an unpatriotic thorn in the side of the American bourgeoisie.

Ignoring the difficulties unions had encountered during the early phase of industrialization, John L. Lewis criticized the IWW on the grounds that "it never attempted to consolidate its gains. It continually bled itself white by the vigor of its struggles and was always vulnerable from the rear."[24] While the IWW's aversion to contracts, and business unionism generally, may have contributed to its failure as a union, the UMW's prudence in response to milder government repression of its vigorous tactics during and after the second world war would also backfire (as can be seen in its current struggle to preserve its gains, if not itself, within its shrinking share of bituminous coal production). Nevertheless, Lewis concluded from his analysis of past organizing failures and of the brightening climate under the Wagner Act that industrial unionism was no longer a revolutionary but a business proposition, one with good prospects if properly financed by the AFL and managed by practical union leaders like himself. In opposition to the cautious craft-union bosses, he contended that the mass-production industries were ripe for unionization along industrial lines and that the AFL would profit by mounting a massive organizing campaign. Both he and Sidney Hillman, as heads of embattled industrial unions, sensed that unless the industries closest to them--steel and cotton textiles respectively--were unionized, they would soon lose their precarious footholds as had the industrial unions before them. Pressuring the AFL to support his cause financially, Lewis warned that not only the UMW's but also the AFL's survival was at stake:[25]

> The failure of the American Federation of Labor to organize the workers in the mass-production industries creates a hazardous situation as far as the future of the Federation is concerned. If the Wagner Bill is enacted there is going to be increasing organization and if the workers are organized in independent unions we are facing the merging of these independent unions in some form of national organization.

Exasperated with the AFL's morbid conservatism and having "read the revolutionary handwriting on the walls of American industry" (as his biographer ironically put it),[26] Lewis seized the opportunity offered by the passage of the Wagner Act to fulfill his own prophecy by founding the CIO in December 1935. Of the CIO's seven charter unions, the most important in terms of membership and resources were the UMW, the ACW, and the International Ladies Garment Workers Union (ILGWU). Although the CIO founders hoped to remain within and obtain support from the AFL, the latter responded to the threat of CIO success by expelling a third of the AFL membership from its November 1936 convention. The most significant of the emerging industrial unions that affiliated with the CIO were the United Rubber Workers (URW), the United Auto Workers (UAW), and several Communist unions--the United Electrical and

Radio Workers (UE), Harry Bridges' International Longshoremen's and Warehousemen's Union (ILWU), and the National Maritime Union (NMU). Two weak unions--the Amalgamated Association of Iron, Steel and Tin Workers (AA) and the UTW--formed the basis of the CIO's two main projects--the Steel Workers Organizing Committee (SWOC), led by Philip Murray of the UMW, and the Textile Workers Organizing Committee (TWOC), led by Hillman of the ACW. Although the CIO provided organizers and advised the developing unions in the mass-production industries, most of its money and energy were devoted to organizing steel and textiles, the industries most crucial for its principal founders.

Anti-union companies remained as unfazed by the Wagner Act as they had been by Section 7a of the NIRA. But, aided by a slight upswing in the economy between 1935 and mid-1937, workers once again flexed their economic muscles, this time demonstrating their "fitness for unionism" in certain mass-production industries. The NIRA pattern of union breakthroughs with the largest firms in various industries was to be repeated (e.g., U.S. Steel, G.E., and large Northern textile manufactures) and extended (e.g., Goodyear Rubber and General Motors), while their smaller competitors were to resist until it became too costly in terms of bad publicity, law suits, or government contracts.

Early in 1936, rubberworkers in Akron, Ohio began demonstrating their power to bring reluctant bosses to terms through their repeated use of the sitdown strike, an adaptation of the IWW folded-arms tactic that proved very effective in shutting down assembly lines and idling entire plants. Although it would eventually benefit from these sitdowns, the URW (which in 1935 claimed only 3,000 members among about 100,000 rubberworkers) initially disapproved of this form of direct action. Not only did the URW seriously weaken the February Goodyear strike by convincing strikers to march out of the occupied plant to the union hall and, consequently, to bitter-cold, vulnerable picket lines, but it also refused to recognize the strike until CIO organizers arrived on its sixth day. Shrewder than some of their local leaders, the CIO national officials would for a while support, although rarely initiate, sitdowns whose goals included CIO recognition. Visiting Akron in 1936, Louis Adamic described the URW organizing drive that pulled 75,000 members by 1938:[27]

> In November I was told in Akron that nearly every serious sitdown boosted the membership by as much as five hundred. Organizers signed up men while they "sat."

In his efforts to reassure the public in 1937 taht the sitdown did not pose a revolutionary threat but would lead to industrial democracy, Joel Seidman accurately predicted the replacement of direct action with grievance arbitration once the URW solidified its control:[28]

> The rubber workers are new and enthusiastic unionists. The sitdown technique works, so they use it as soon as an issue arises. Their officers are urging them not to stop production without first bringing their grievance to the attention of the union and the company through the regular channels. . . . As the rubber workers become more experienced and more disciplined unionists, the sitdowns over petty issues will doubtless disappear.

Having pulled short sitdowns known as "quickies" since 1933, autoworkers in 1936 began to "stay-in" demanding union recognition, wage increases, reduction of hours to prevent layoffs during model changes, abolition of piecework, reinstatement of union members, etc.. Learning from Akron workers the effectiveness of the sitdown in enabling a minority to halt production, preventing strikebreaking, and rallying workers to the union, the UAW sanctioned organizational sitdowns, the most dramatic of which would occur at Flint during the General Motors (GM) strike. From April to December 1936, however, the UAW had gained only an average membership of 27,000--or about ten percent of the industry's workforce.[29] While Lewis concentrated on negotiations with US Steel, his advisor to the UAW, Adolph Germer, thwarted UAW President Homer Martin's attempts to spread a strike (begun on 18 November) at the Atlanta Fisher Body plant to the rest of the parent company. Germer advocated postponement of a companywide strike until after the New Year, when a New Deal governor would be inaugurated in Michigan and the Christmas period with its scheduled bonus would have passed. Although momentum for a strike against the entire GM system increased as the Libby-Owens-Ford glassworks and the Kansas City Fisher plant were shutdown by mid-December, sitdowns at the strategic Cleveland and Flint Fisher assembly plants (on 28 and 30 December respectively), coordinated by the Communist vice-president of the UAW, Wyndham Mortimer, finally precipitated the CIO's greatest strike.

By the end of January 1937, about a dozen more sitdowns and conventional strikes coupled with spreading lockouts for lack of parts had shut down fifty GM plants and idled 125,000 workers, most of whom were not striking.[30] Although Martin had prematurely evacuated the other occupied GM factories by 16 January, the Flint sitdown strikers, upon advice from CIO organizers and the Mortimer faction, saved the strike by holding out for GM's recognition of the UAW as exclusive bargaining agent, a status which could not be achieved through NLRB elections due to union weakness. Helpless to prevent a return to work at many plants on 27 January, the strikers in Flint once again rescued the waning strike, this time with a brilliant military operation orchestrated by strike leaders around Mortimer and the Reuther brothers. This spectacular capture of a strategic Chevrolet engine plant finally crippled

Strikers guarding window entrance at occupied Fisher Body, Flint, January 1937.

GM production on 1 February and relieved the pressure on the occupiers at Fisher Body, who, however, were to remain under the governor's threat of forced eviction for another week. After this demonstration of union strength, previously reluctant workers flooded into the UAW and public opinion swung to the strikers, who, despite "their unconventional behavior," after all were only "pursuing objectives sanctioned by law but denied them by their employer."[31]

As the pressure mounted, FDR, a weathervane for public opinion, announced on 5 February his intent to push legislation to defend the Wagner Act by packing the hostile Supreme Court with New Deal judges. He even expressed momentary lenience toward the sitdown, which by 1939 was to be outlawed by the Supreme Court:[32]

> Well it is illegal. But shooting it out and killing a lot of people because they have violated the laws of trespass . . . [is not] the answer. . . . There must be another way. Why can't those fellows in GM meet with a committee of the workers?

Under the greatest pressure ever applied by the CIO, GM on 11 February accepted the defeat of its proportional representation scheme, recognized the UAW as de facto exclusive bargaining agent for seventeen struck plants, and granted a five-cents-per-hour increase to all 150,000 GM workers.[33]

Meanwhile, impressed by the CIO's show of force, GE and US Steel moved to expand the limited relations they had established with indsutrial unions during the NIRA period. Because of Gerard Swope's unusual acceptance of unions, GE had already agreed to NLRB elections when so requested by the UE, which had narrowly defeated the company union in GE's main plant. On 24 February 1937, Swope without a fight granted the UE company-wide recognition. A week later, President Myron Taylor of US Steel (known as Big Steel because of its dominant position in the industry) agreed to replace his failing company union with Lewis' SWOC. The Big Steel agreement of 2 March granted wage increases, overtime pay after forty hours, and recognition of the SWOC (but only as bargaining agent for its members, not as sole bargaining agent for the company). Although Little Steel (viz. Bethlehem, Jones and Laughlin, Republic, Inland, Youngstown Sheet and Tube, et al.) and other observers were shocked, Taylor's consent to unionization made economic sense. With US Steel's profits picking up and British armaments orders in the offing, he figured that "the cost of a strike would have been incalculable," as Little Steel would have hasteneed to fill his orders.[34] In his decision to yield to what he sensed was a political drift toward unionization, Taylor also was influenced by his experience with Lewis as a responsible enforcer of their captive mines agreement. Other factors that may have affected him included: the recent passage of a law instituting a forty-hour workweek with overtime pay on all government contracts, the election of a New Deal governor in Pennsylvania who could not be trusted to provide strikebreaking troops, and the threat of adverse public opinion in the event of a fight. Taylor's assessment of the political climate was to be confirmed by the March sitdown wave and the Supreme Court's unexpected validation of the Wagner Act on 12 April. In the wake of this court victory, which forced Jones and Laughlin Steel to deal with the SWOC, several large corporations (e.g., Firestone Rubber and Westinghouse Electric) were to follow US Steel's lead in recognizing CIO unions as bargaining agents for their members.

In the midst of these victories, however, appeared an evil omen. In March the UAW'S attempt to extend its status as exclusive bargaining agent from GM to the second largest automaker, Chrysler, failed. Bernstein describes the situation that developed as the Michigan governor seriously threatened to force evacuation of the nine occupied Chrysler plants:[35]

> Lewis realized that the UAW had overreached itself. On March 24, he agreed to evacuation of the plants, recognition for members only, and a grace period for bargaining on the substance of the agreement. . . . Some of the men in the factories balked at these terms since the strike now became purposeless [since Chrysler had accepted the other terms of the GM agreement before the strike].

While the 1937 strike wave yielded recognition of CIO unions as bargaining agents for their members, the security of exclusive-bargaining-agent status, conceived in the Reading Formula, was not to be achieved until the second world war.

THE ROOSEVELT RECESSION

Peeling the harbinger effects of the coming economic downturn by May 1937, Little Steel refused to recognize the SWOC and undermined its organizing drive by granting the wage conditions of the Big Steel agreement. The SWOC was biding its time in hopes of amassing members before attempting to make a deal with the anti-union Little Steel firms. This strategy of accumulating power before a showdown backfired as Republic Steel took the offensive by locking out workers in its plants in Canton and Massillon, Ohio, where the SWOC was particularly strong. The SWOC on May 26 reluctantly responded to this provocation by calling out its members at Republic, Inland, and Youngstown Sheet and Tube, where its organizing drives had been partially successful. Lacking the strategic advantage of factory occupations, strikers faced strikebreaking and vigilantee attacks on pickets, which resulted in ten dead and ninety wounded at Republic Steel's Memorial Day Massacre in Chicago and two more killed in Youngstown, Ohio. Much to SWOC's surprise, two-thirds of the poorly organized workers at Bethlehem Steel's Cambria Works in Johnstown, Pa. reacted by walking out on 11 June. But rather than appeal to all steel-workers for similar protest strikes, or call a general CIO strike, or even allow local protests, the SWOC demonstrated its sense of responsibility by depending on government mediation rather than workers' revenge. Government authorities vacillated as the balance of power shifted. While the governor of Pennsylvania had sent the National Guard to shut down Bethlehem Steel, he was to rescind his martial law decree under business pressure and facilitate a return to work on 27 June. Having declared martial law as thousands poured into Youngstown to avenge the shootings there, Ohio Governor Davey lifted his decree on 25 June. SWOC leader Philip Murray, who had respected the law all along, then feebly appealed to FDR for support of the collapsing strike. Although the President had sent mediators and criticized Little Steel for not signing, he sealed the SWOC defeat with his famous condemnation: "A plague on both your houses!"

As the Roosevelt Recession commenced in earnest in August 1937, the CIO's other major organizing effort, the TWOC, was also to meet defeat. Although there were a few sitdowns (e.g., at Apex Hosiery in Philadelphia in May/June 1937, which ended in forced eviction and a Supreme Court case over property damage), the TWOC relied mainly on NLRB representation elections as the basis for recognition. Though the TWOC claimed 215,000 under contract by September, they could only organize 7% of the important Southern region, which continued the resistance that had wrecked the UTW in 1934. The TWOC was soon to be decimated as even its gains with large Northern manufacturers were wiped out by drastic wage cuts and widespread layoffs.

That the CIO's acceleration had been slowed was evidenced not only by the SWOC and TWOC failures but also by its membership figures, which reached their peak vis-a-vis the AFL in October 1937. Just as any business must accumulate capital or go to the dogs, the eventual decline of the CIO as a new type of union could be predicted even then, as it was by one executive interviewed in a Fortune survey:[36]

> The CIO has gone hog-wild because Lewis bit off more than he can chew. In his own trade he is intelligent; we've had no trouble in our coal mines with the CIO. The whole strike business, of course, moves in cycles, and I predict that Lewis will eventually shake things down, get rid of the Communists and hotheads, and probably have a trade union.

Most executives in this survey agreed that the tide of unionization had turned:[37]

> Elements considered to have checked the wave at a dangerous point were the following: (1) The loss of the Little Strike. . . . (2) The Chicago Memorial Day riot. . . . (3) The action of Gov. Davey in protecting the "right to work" in the Little Steel Strike. (4) The waning of enthusiasm of many workers for the CIO now that John L. Lewis has declared the "honeymoon over" and is "trying to collect dues from his new unions." "In another six months the workers will be tired of paying tribute to a dictator." (5) Avove all (in their belief), the general revulsion of US public opinion against the excesses of the CIO.

While Lewis had criticized the IWW for too much vigor and no self-preservation instinct, the CIO survived in spite of its inability to preserve its vigor in the face of adversity. In the first place, only a militant minority of workers had defied public opinion, strikebreaking fellow workers, and the state's might, in order to force the advances that the CIO had capitalized on. As previously mentioned, Lewis had to reject GM's proposal for NLRB elections in February. Lee Pressman, counsel for the CIO, described a similar situation in steel in 1937:[38]

> There is no question that [the SWOC] could not have filed for a petition through the NLRB . . . for an election. We could not have won an election for collective bargaining on the basis of our own membership or the results of the organizing campaign to date. This certainly applied not only to Little Steel but also to Big Steel.

"Labor's giant step" notwithstanding, revolutionary class consciousness did not pre-

vail in the CIO. Communists, acting as unionists par excellence, initially ambivalent toward "undisciplined" sitdowns, actively opposed them after union recognition had been won.[39] A prevalent patriotic spirit could be glimpsed in the American flags draping strikers' caskets and flown at CIO demonstrations and sitdowns, in strike placards such as, "We're with you, Mr. Chrysler, if you're with us!" and in such pronouncements as the following by UAW President Martin:[40]

> What more sacred property right is there in the world than the right of a man in his job? . . . It is the most sacred, most fundamental property right in America. It means more to the stabilization of American life, morally, socially and economically, than any other property right.

s Seidman pointed out, the implicitly revolutionary aspect of the sitdown was usually masked by the reformist goal of union recognition:[41]

> It is precisely because such strikes seem to challenge the rights of property ownership that such controversy has been aroused over them. And yet it should be clear that sitdown strikers are not challenging the ownership of the plant, but merely the employer's right to dismiss them and operate the plant with strikebreakers. . . . Nor is the sitdown a revolutionary weapon, as some have proclaimed. It asserts, not the right to the factory, but the right to the job. . . . The sit-down should be sharply distinguished from the seizures of Italian factories by workers following the World War, for there is no attempt to operate the plant.

Since most strikers thought they were fighting for a better life under capitalism and not for the system's abolition, it is hardly surprising that when union organizing drives ran into difficulties, the militant minority of workers did not take desperate steps to force events beyond the barriers of reform, but chose to bide their time in hopes of recouping their losses in the future.

Unfortunately, because they have no political interest in the question of the limits of union organizing, most historians gloss over the decline of the sitdown wave after March 1937 and the subsequent arrest of CIO expansion. Standard labor histories usually mention "adverse public opinion" as a factor in this decline, while a few historians like Professor Witte give credit to the CIO leadership:[42]

> Conservatism on the part of labor will come with recognition and responsibility. Already the principal executives in the CIO movement have come to realize that the sitdown is completely destructive to union discipline, that the unions lose control of their own members if they have many sitdowns. These labor leaders are worried just as much as management about the sitdown strikes, and that is the main reason why the sitdowns are getting less frequent.

While public opinion and the CIO chiefs did turn against the sitdowns, these explanations fail to show why the rank-and-file, who initiated many of the occupations, ceased to use this dramatically successful tactic. It might be that both workers and unions abandoned the technique because the limits on what bosses would concedewere reached as the economy turned sharply downward in mid-1937. As unemployment rose to 19% by 1938, workers' economic power was weakened in the face of wage cuts, layoffs, and threats to union survival reminiscent of the early 1930's. These difficulties were presaged by the unsuccessful strikes at Chrysler and Little Steel as well as by several forced evictions of strikers at smaller sitdowns in Detroit and elsewhere in late March. In the absence of studies of the outcomes of the post-March strikes and of the workforce that remained unorganized, one can only conclude that the CIO temporarily ran out of workers "fit for unionism" to organize.

Just as young business ventures figure prominently among the early casualties of recessions, the precariousness ofthe CIO's foothold in the mass-production industries was revealed as the failing economy hit it harder than the AFL. Particularly attributing its weakness relative to the AFL to the CIO's greater dependence on appealing to the rank and file, labor historian David Brody aptly describes the dilemma the CIO faced during this period:[43]

> Declining membership and, in some cases, internal dissension rendered uncertain the organizational viability of the industrial unions. And their weakness in turn further undermined their effectiveness in collective bargaining. They faced a fearful choice. If they became quiescent, they would sacrifice the support of the membership. If they pressed for further concessions, they would unavoidably become involved in strikes. By so doing, they would expose their weakened ranks in one area in which labor legislation permitted the full expression of employer hostility.

As possibilities for achieving material gains through strikes diminished, the CIO increasingly concentrated on NLRB election campaigns and lawsuits as NLRB certification became the most feasible advance. Even with NLRB victories, however, the CIO ran into organizing difficulties such as those described at the time by labor economist Robert R.R. Brooks:[44]

> Late in 1939, however, the indications were that the spectacular success of the US Steel campaign could not be repeated against Bethlehem. For one thing, the Bethlehem Employee Representation Plan, even though outlawed by the NLRB, was much older and more firmly established than the employee representation plans in US Steel subsidiaries. But even more important than this was the fact that the methods used in early SWOC campaigns had become stale. The enthusiasm built up by the whirlwind successes of the 1937 campaign had been dissipated in the futile and unplanned strike against Bethlehem's

> Cambria plant. Disillusion and disinterest were the inevitable aftermath. Early in 1940 there were no signs of anything like the almost hysterical enthusiasm of 1937. Consequently, the organizing campaign against Bethlehem was settling down to a long-run educational program.

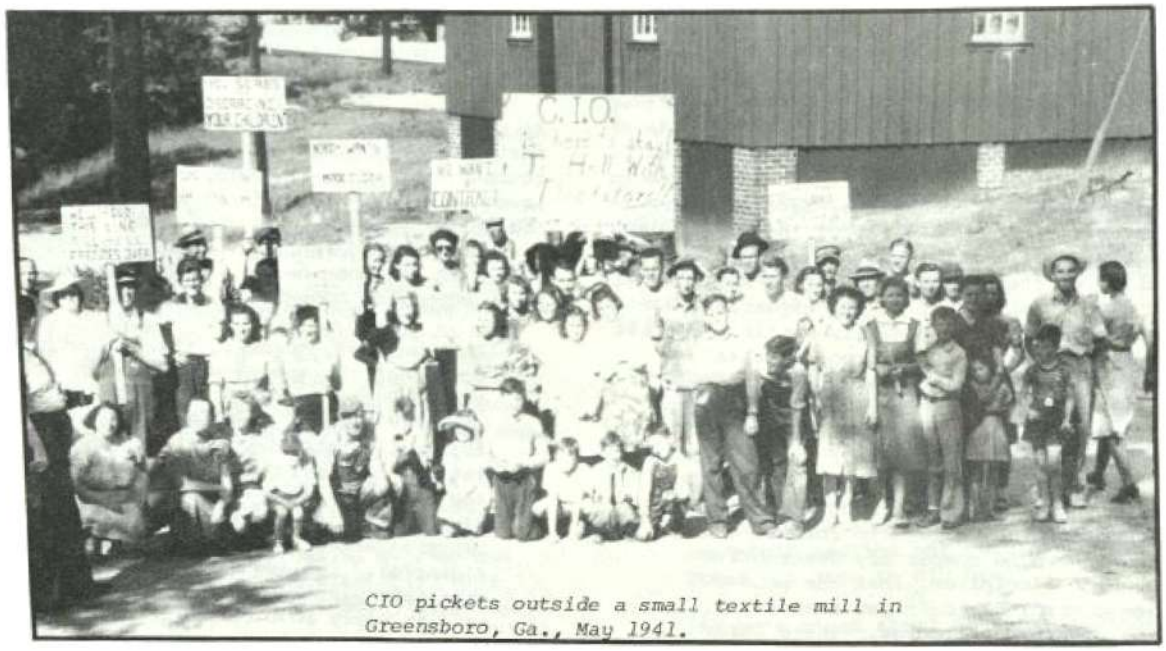
CIO reliance on the NLRB, however, did pay off in decisions that favored the UE and Bridges' ILWU against the AFL, which had wasted no time once the CIO had demonstrated (as venture capital often does) that union gains were waiting to be harvested along industrial lines. Not only did AFL competition dampen the CIO's growth, but also conflicts over union boundaries and political policy arose causing industrial unions to refuse CIO affiliation and major CIO founders to desert. For example, Lundeberg's Sailor's Union of the Pacific never joined the CIO because he could not agree on the division of the maritime pie with the Communist leaders of the ILWU and the NMU. Having denounced the ILGWU for its 1938 defection from the CIO ranks, Lewis would also abandon his child in 1942, because of mounting friction with Philip Murray, who had succeeded him as CIO president in 1940.

As the AFL continued to "organize the unorganized" into industrial unions, the inter-union competition exposed this CIO rallying cry as propagandistic cover for its ambitions for "pure and simple" self-expansion. Workers who fought for recognition of their local organizations and increased control over production were soon dismayed as national union headquarters consolidated their control over dissenting locals on the grounds that only unified unions could match the power of concentrated capital. Having always been ruled as dictatorially as any AFL fiefdom, the SWOC mocked those who believed "industrial democracy" implied workers' control of their union. Brooks described the SWOC policy of centralized finances in blatant terms:[45]

> Discipline as well as economy is served by this policy since the relatively limited funds of the local unions do not permit them to flout the authority of the national officiers. The SWOC has, for example, laid down a policy that no strike shall be called without the approval of the national office. A local violating this rule would find itself denied financial support from the national treasury and dependent upon its own slim resources.

When financial punishment did not deter workers under contract from pulling wildcat strikes, CIO leaders resorted to public denunciation, strong-arm enforcers, scabbing, collusive manipulations resulting in lockouts, firings, fines, and blacklisting. Brecher quotes an interesting New York Times article on this topic, entitled, "Unauthorized Sit-downs Fought by CIO," dated 11 April 1937:[46]

> (1) As soon as an unauthorized strike occurs or impends, international officiers or representatives of the UAW are rushed to the scene to end or prevent it, get the man back to work and bring about an orderly adjustment of the grievances.
> (2) Strict orders have been issued to all organizers and representatives that they will be dismissed if they authorize any stoppages of work without the consent of the international officiers, and that local unions will not receive any money or financial support from the international union for any unauthorized stoppage of,



CIO pickets outside a small textile mill in Greensboro, Ga., May 1941.

or interference with, production.
(3) The shop stewards are being "educated" in the procedure for settling grievances set up in the General Motors contract, and a system is being worked out which the union believes will convince the rank-and-file that strikes are unnecessary.
(4) In certain instances there has been a "purge" of officiers, organizers and representatives who have appeared to be "hot-heads" or "trouble-makers" by dismissing, transferring or demoting them.

THE SECOND WORLD WAR

The CIO not only failed to be an "instrument of the workers" but also thwarted those who tried to use it for independent political action. During the period of the Hitler-Stalin pact, the Communist Party switched from its Popular Front strategy of cooperation with the CIO to opposition to its class collaboration. The Mortimer faction of the UAW in this period fomented strikes to organize war-production workers in California and Wisconsin. These strikes met with hostility from FDR, Hillman, and the other UAW factions and climaxed in June 1941 with military strikebreaking reminiscent of the IWW's fate during the first world war. Two weeks later, with the Nazi invasion of Russia, the CP reversed to total support of the war. But despite their zealous promotion of productivity throughout the war, the Communist CIO officials and unions were to be purged as soon as they opposed union and government policies as the Cold War commenced.

Defending his toleration of CIO communists in asking, "Who gets the bird, the hunter or the dog," Lewis ironically foretold the defeat of not only their ambitions but also his own. Having hoped for an offer of the 1940 vice-presidency from his fellow-huntsmen, Lewis howled when instead FDR not only made him swallow the Little Steel defeat but also got reelected despite his opposition. Lewis's refusal to accept his underdog status resulted in his petulant resignation as CIO president and subsequent defiance of the patirotic wartime strike prohibition.

Sidney Hillman, on the other hand, never forgot that FDR and the capitalists were labor's bosses. Despite his desires for a labor party and for greater union participation in extended government economic planning, Hillman never ignored the realities of American politics, which only offered organized labor a junior partnership in the Democratic Party. Because of his loyalty to FDR and his position as CIO vice-president, he was appointed to represent labor on the successive federal planning bodies in charge of coordinating war production, which by 1942 took final form as the National War Labor Board (NWLB). Since the power of American industrialists had not been seriously challenged during the depression, they dominated these tripartite planning agencies, dictated how war production was to be organized, and sought only confirmation of their plans by the AFL and CIO, who responded according to their weak positions by agreeing to the NWLB's no-strike policy.

As the war effort replaced the New Deal, however, Hillman's prescription for curing the depression with expanded government economic intervention and social planning was finally implemented. As private industry received military supply orders in 1941, for the first time profits surpassed their 1929 level and unemployment dropped below 10%.[47] Brody accurately identifies this turning point in CIO fortunes:[48]

> Industry's desire to capitalize on a business upswing was particularly accute now; and rising job opportunities and prices created a new militancy in the laboring ranks. The open shop strongholds began to crumble. Organization came to the four Little Steel companies, to Ford, and to their lesser counterparts. The resistance to collective bargaining, where it had been a line of conflict, was also breaking down. First contracts were finally being signed by such companies as Goodyear, Armour, Cudahy, Westinghouse, Union Switch and Signal. Above all, collective bargaining after a three-year gap began to produce positive results. On 14 April 1941, US Steel set the pattern for its industry with an increase of ten cents an hour. For manufacturing generally, average hourly earnings from 1940 to 1941 increased over 10% and weekly earnings 17%; living costs rose only 5%. More than wages was involved. Generally, initial contracts were thoroughly renegotiated for the first time, and this produced a wide range of improvements in vacation, holiday, and seniority provisions and in grievance procedure. Mass production workers could now see the tangible benefits flowing from their union membership. These results of the defense prosperity were reflected in union growth: CIO membership jumped from 1,350,000 in 1940 to 2,850,000 in 1941.

Thus, only under wartime conditions, which brought increased government spending and consequently greater influence in labor relations, did independent unions defeat company unions and become firmly established in the mass-production industries. Eager to profit from war production and facing a labor shortage, capitalists finally began to accept the cornerstone of the present labor relations system, the written contract covering a corporation's or industry's entire workforce, not just voluntary union members. Until the war, this form of capital-union cooperation existed mainly in craft unions' closed shop agreements, which allowed only union members to be hired, usually through union hiring halls. During the 1930's, the American open-

shop system had been cracked by the modified union hiring halls for seamen and West Coast longshoremen, the GM settlement, and industry-wide agreements in the commercial coal mines and in Minneapolis trucking. But when Henry Ford, forced to accept the UAW in May 1941, replaced his vigilante apparatus with industry's first closed shop, this lifelong opponent of unionism ironically became a trendsetter in labor relations. That fall, a UMW captive mines strike wrung a union shop agreement (i.e., a closed shop modified to allow anyone to be hired providing he joined the union thereafter) from the steel companies, whom FDR had pressured to settle for fear of sparking further interruptions in war production. In July 1942, in hopes of maintaining production while insuring labor peace, the NWLB announced in its Little Steel Formula a further improvization on the closed shop—its "maintenance-of-membership" policy, which required that voluntary union members "shall, during the life of the agreement as a condition of employment, remain members of the union in good standing" by not striking and by paying dues through a payroll deduction system known as "the voluntary, binding checkoff."[49]

The Little Steel Formula also proclaimed the NWLB's "equal sacrifice" policy, whose real-wage freeze was legislatively confirmed in September 1942. Having already achieved a union shop without the NWLB's help, the UMW rejected its wage controls in this inflationary period in a series of strikes throughout 1943, which proved ultimately rewarding despite CIO condemnation and FDR's seizure of the mines. Although threatened with being drafted into the army under the War Labor Disputes Act of June 1943, workers elsewhere followed the UMW's example with a wildcat strike wave that by 1944 surpassed all previous years in strike frequency.

Having always depended on government assistance in its drive to unionize the mass-production industries, the CIO did not at this late data bite the hand that fed it. When faced with loss of union security through revocation of their NWLB-granted maintenance-of-membership privileges, the CIO leaders once again proved themselves responsible unionists by disciplining wildcatting workers and locals. As national CIO leadership under NWLB protection became more independent of rank-and-file pressure, local leaders had to play an increasingly shrewd game of union politics in order to avoid expulsion by the national leaders, on the one hand, and replacement by popular leaders of forbidden wildcats, on the other. This conflict reached the national CIO leaders as the end of the war and government guarantees of membership approached. For example, in late 1944 Walter Reuther, by cleverly throwing his support to wildcatting UAW locals, managed to unseat the ruling faction, which had advocated a post-war settlement of accumulated grievances without a strike.

The CIO establishment's desire to extent government-union-industry cooperation into the post-war period was epitomized in March 1945 by President Murray's signing a mutual "Charter of Industrial Peace" with AFL President Green and the head of the US Chamber of Commerce. But no sooner was the war over, than so many workers walked out in expectation of wage increases that the CIO leaders had to recognize and call strikes to retain control of what became the nation's largest strike wave. President Truman introduced "fact-finding boards" to arbitrate settlements once strikers returned to work. When workers refused to end strikes, he used wartime powers to order direct seizures of oil refineries, packinghouses, railroads, and bituminous coal mines. Brecher analyses the cresting strike wave:[50]

> The unions made little effort to combat the government's attack, despite their demonstrated power virtually to stop the entire economy. Except for the miners [who were fined $3.5 million for contempt of an anti-strike injunction], they returned to work when the government seized their industries, and in most cases they accepted the recommendations of the fact-finding boards, even though these admittedly meant a decline in workers' incomes below wartime levels. . . . Nor did the unions generally attempt to combine their strength, even within the AFL or CIO; each union made settlements without consideration of others on strike. Thus the division of the working class that had been the source of so much criticism of craft unionism was reproduced on a larger scale by industrial unionism.
>
> Far from trying to break the unions, management in the large corporations had learned how to use them to control the workers; GM's number one demand in 1946 auto negotiations was "union responsibility for uninterrupted production." The unions were more than willing to continue their role in disciplining the labor force; 92% of contracts in 1945 provided automatic arbitration of grievances, and by 1947 90% of contracts pledge no strikes during the course of the agreement.

This resolution of America's greatest strike wave ever left the CIO unions firmly established in basic industry. CIO membership peaked at 4,451,000 in 1947, just as the Taft-Hartley Act extended the President's wartime strike-intervention powers and affirmed the government policy of union containment by prohibiting certain organizing practices deemed unfair to employers. In casting their fate with the world-conquering American economy, the CIO unions found that NLRB certification combined with corporate acceptance allowed them enough independence from rank-and-file pressure to survive unpopular disciplinary actions, lost strikes, and economic recessions. Following the expulsion of the Communists from the CIO (1947-1950) and the Korean War, unionization peaked in 1954 at 25.5% of the total workforce (or 34.7% of the non-agricultural workforce),[51] and the

AFL officially welcomed the return of its prodigal son to business unionism in 1955. Since unionization has fallen over the last decade from 22.7% to 20.1% of the workforce (by 1974, to 26.2% of the non-agricultural workforce),[52] the AFL-CIO now faces another depression with the same resignation and ineffectiveness the AFL displayed in the early 1930's.

What lessons can be gleaned from this story of the CIO? First of all, the CIO never challenged, nor intended to challenge, the foundations of the economy within which it operated. Organized to fight for better conditions for a strong minority of the total workforce, the CIO under government protection extended unionism beyond its former craft domains to cover mass-production workers, but it did not oppose wage-labor or purport to fight for the working class as a whole. Secondly, its achievements as a union were always limited by the vicissitudes of the American economy. The economic balance swung in the CIO's favor with the return of full employment during the second world war and the expansion of the economy that eventually followed the American victory. But the CIO never provided a solution to the crisis of the 1930's; it proved as helpless as the AFL in attempting to wring concessions from capitalists as the depression returned full force in the late 1930's. With its prudent acceptance of the defeat of its organizing committees and strikes in mid-1937, the CIO showed its union rather than revolutionary colors by failing to break through even inter-union limits with general strikes that might have threatened the national interest and the CIO's own precarious territory. On the other hand, unions that forgot their subordinate place in the capitalist economy (e.g., the IWW during the first world war, the Communist UAW faction during the Hitler-Stalin Pact, and the UMW during the second world war) were easily isolated and restrained, if not suppressed, by military and legal means. Finally, the CIO has suffered the emasculating fate of successful movements to reform capitalism. By leaving the fundamental capital-labor relation intact, the labor movement of the 1930's allowed its destiny to be determined by the demands of profitability and capital accumulation. No sooner were its contracts accepted by industrialists during the war, than the CIO dropped its radical posture and settled down to the business of unionism, the brokerage of labor-power. The verdict that subsequent history has passed on the CIO might best be captured by Marx's maxim, "The proletariat is revolutionary or it is nothing!"

As union strength is once again eroding in the face of shrinking profits, increased capitalist competition on an international scale, runaway shops, declining wages, and rising unemployment, most unions can be expected to acquiesce in their fate in the hope of riding out another depression by helping capital manage the developing misery. Where rank-and-file unrest pressures weaker unions to take arms against their sea of troubles, governments can be expected to revoke their legal privileges and to repress them militarily as in the past. While suited to legal wrangling with particular capitalist interests, the union form of organization will probably prove to be too slow, conservative, and inflexible to deal effectively with the rapid changes of crisis situations; resistant to extentions of struggles beyond boundaries which can be defended under capitalism, and generally unsuited for launching attacks on capital in general. As this depression develops, let us no longer waste our energies beating the dead horse of revolutionary unionism, but organize ourselves directly to meet the demands of the hopefully revolutionary situation.

- E. Jones

FOOTNOTES

[1]Since a critical review of specific works on this period is beyond the scope of this article, those interested in historiography and the spectrum of opinion on the CIO are referred to the following sources: for a clear exposition of the principles of a scientific approach to history in general, see Edward H. Carr, What Is History? (N.Y.: Vintage, 1961); for a libertarian socialist critique of various schools of thought on American labor history, see Jeremy Brecher, "A Challenge to Historians," Strike (San Francisco: Straight Arrow, 1972), pp. 314-9; for a criticism of the social-democratic and New Left (Ronald Radosh in particular) historians from a liberal "consensus" perspective, whose view of the CIO (as an extension of business unionism finally institutionalized as a result of the war) resembles mine in fact but not in interpretation, see David Brody, "Labor and the Great Depression: The Interpretative Prospects," Labor History 13: 231-244, 1972; for an extensive annotated bibliography and a comprehensive narrative account by a liberal, see Irving Bernstein, The Turbulent Years: A History of the American Worker, 1933-1941 (Boston: Houghton Mifflin, 1970); for an account sympathetic to the Communist Party, see Richard O. Boyer and Herbert M. Morais, Labor's Untold Story (N.Y.: UE, 1955); for Trotskyist interpretations, see Benjamin Stolberg, The Story of the CIO (N.Y.: Viking, 1938) and Art Preis, Labor's Giant Step: Twenty Years of the CIO (N.Y.: Pathfinder, 1964); for a collection of essays from the New Left perspective of Staughton Lynd, Jim Green, et al., see Radical America 6(6), 1972, on the 1930's, and Radical America 9(4/5), 1975: American Labor in the 1940's.

[2]U.S. Bureau of the Census. Historical Statistics of the United States, Colonial Times to 1970 [hereafter cited as HSUS] (Washington, D.C.: U.S. Government Printing Office, 1975), Series D 943, 949, and 951.

[3]HSUS, Series D 86.

[4]Matthew Josephson, Sidney Hillman, Statesman of American Labor (Garden City, N.Y.: Doubleday, 1952), pp. 340-350.

[5]Gabriel Kolko, Main Currents in Modern American History (N.Y.: Harper and Row, 1976), p. 113.

[6]For further explanation of the similarity in services provided to capitalists by unions, governments, and the rackets, see Louis Adamic, Dynamite: The Story of Class Violence in America (N.Y.: Harper and Row, 1931), pp. 325-373; "Racketeering: A Phase of Class Conflict," International Council Correspondence 3(7): 30-45, 1937 (reprinted in New Essays, v. 3, Westport, Conn.: Greenwood, 1970); and John Hutchinson, The Imperfect Union: A History of Corruption in American Trade Unions (N.Y.: Dutton, 1972).

[7]Bernstein, op. cit., pp. 19-21.

[8]Karl Marx, Capital, v. 3 (Moscow: Progress Publishers, 1966 translation of 1894 German edition), p. 253.

[9]For a critique of the Keynesian theory, see Paul Mattick, Marx and Keynes (Boston: Porter Sargent, 1969).

[10]Millis and Montgomery, Economics of Labor, v. 3: Organized Labor (N.Y.: McGraw, 1945), v. 4, p. 194n; noted in Josephson, op. cit., p. 382n.

[11]Gerard Swope quoted in Bernstein, op. cit., p. 603.

[12]Bernstein, op. cit., p. 103.

[13]Fred Thompson, letter to Frank Marquart, in Marquart, An Auto Worker's Journal (University Park, Pa.: Pennsylvania State University Press, 1975), pp. 60-61.

[14]For an excellent account of the events in Minneapolis, see Charles R. Walker, American City, A Rank-and-File History (N.Y.: Farrar and Rhinehart, 1937).

[15]Brecher, op. cit., pp. 175-6.

[16]Bernstein, op. cit., p. 313.

[17]Ibid., pp. 287-8.

[18]Los Angeles Times cited in Brecher, op. cit., p. 156.

[19]Bernstein, op. cit., pp. 288-9.

[20]Hugh D. Graham and Ted R. Gurr, The History of Violence in America, A Report to the National Commission on the Causes and Prevention of Violence (N.Y.: Bantam, 1969), p. 387.

[21]Murray Edelman, "New Deal Sensitivity to Labor Interests," in Labor and the New Deal, ed. Edwin Young and Milton Derber (Madison, Wis.: University of Wisconsin Press, 1957), p. 181.

[22]Daniel Tobin quoted in Edward Levinson, Labor on the March, (N.Y.: Harper, 1938), pp. 13-14.

[23]For further reading on the early labor movement, see Herbert Harris, American Labor (New Haven, Conn.: Yale University Press, 1939) and Melvyn Dubofsky, We Shall Be All: A History of the IWW (N.Y.: Quadrangle, 1974).

[24]John L. Lewis quoted in Louis Adamic, My America, 1928-1938 (N.Y.: Harper, 1938), p. 401.

[25]John L. Lewis quoted in Bernstein, op.

cit., p. 386.

[26]Saul Alinsky, John L. Lewis: An Unauthorized Biography (N.Y.: Putnam, 1949), p. 72.

[27]Adamic, My America, p. 413.

[28]Joel Seidman, Sit-Down (N.Y.: League for Industrial Democracy, 1937), p. 10.

[29]Brecher, op. cit., p. 193 for union membership firgures; HSUS, Series D507 & 623 for estimate of the size of the semi-skilled workforce in automaking.

[30]Sidney Fine, Sit-Down: The General Motors Strike of 1936-1937 (Ann Arbor, Mich.: University of Michigan Press, 1969), p. 210.

[31]Ibid., p. 339.

[32]FDR quoted in Frances Perkins, The Roosevelt I Knew (N.Y.: Viking, 1946), p. 322.

[33]Fine, op. cit., p. 305.

[34]Bernstein, op. cit., p. 468.

[35]Ibid., p. 554.

[36]"In Our Own Experience: An Informal Sampling of Employer Opinion on Industrial Warfare," Fortune 16(5): 180, November 1937.

[37]Ibid., p. 184.

[38]Lee Pressman quoted in Saul Alinsky, op. cit., p. 149.

[39]Brecher, op. cit., p. 204.

[40]Homer Martin quoted in Seidman, op. cit., p. 39.

[41]Ibid., pp. 9-10.

[42]Professor Witte quoted in "Much Ado about Nothing: The Future of the CIO," International Council Correspondence 3(7/8): 8, 1937.

[43]David Brody, "The Emergence of Mass Production Unionism," in Change and Continuity in Twentieth Century America, ed. John Braeman et al. (Columbus, Ohio: Ohio State University Press, 1964), p. 257.

[44]Robert R.R. Brooks, As Steel Goes (New Haven, Conn.: Yale University Press, 1940), p. 147.

[45]Ibid., p. 157.

[46]Brecher, op. cit., pp. 204-5.

[47]HSUS, Series F178, F181, and D86.

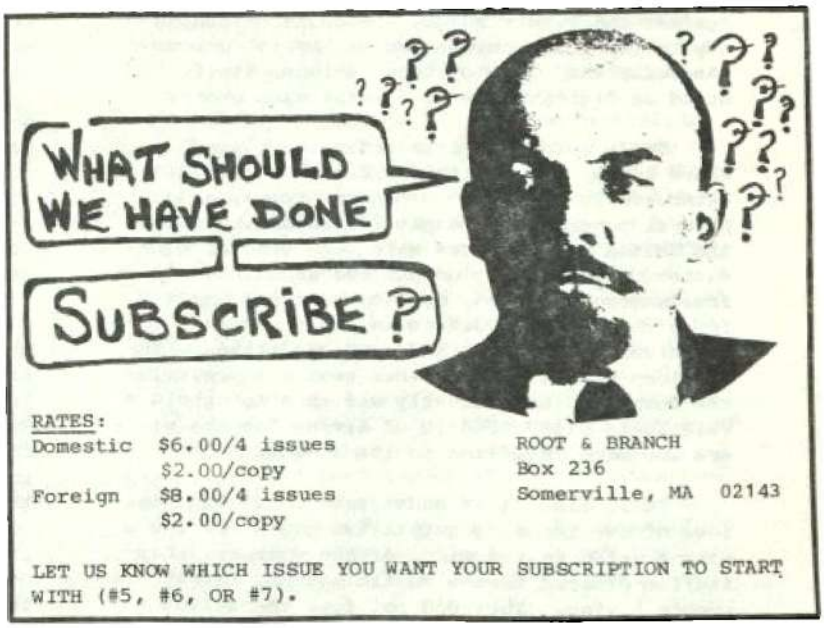
[48]Brody, op. cit., pp. 258-9.

[49]Bernstein, op. cit., pp. 730-1.

[50]Brecher, op. cit., pp. 229-30.

[51]HSUS, Series D 949 and 951.

[52]Figure for total workforce from: Jerry Flint, "Reed Larson vs. the Union Shop," New York Times 4 December 1977, p. F5. 1974 figure from: U.S. Brueau of the Census, Statistical Abstract of the United States: 1977 (Washington D.C.: U.S. Government Printing Office, 1977), Chart no. 679, p. 418.



RATES:
Domestic $6.00/4 issues
$2.00/copy
Foreign $8.00/4 issues
$2.00/copy

ROOT & BRANCH
Box 236
Somerville, MA 02143

LET US KNOW WHICH ISSUE YOU WANT YOUR SUBSCRIPTION TO START WITH (#5, #6, OR #7).

Pannekoek on TRADE UNIONISM

How must the working class fight capitalism in order to win? This is the all important question facing the workers every day. What efficient means of action, what tactics can they use to conquer power and defeat the enemy? No science, no theory, could tell them exactly what to do. But spontaneously and instinctively, by feeling out, by sensing the possibilities, they found their ways of action. And as capitalism grew and conquered the earth and increased its power, the power of the workers also increased. New modes of action, wider and more efficient, came up beside the old ones. It is evident that with changing conditions, the forms of action, the tactics of the class struggle have to change also. Trade unionism is the primary form of labor movement in fixed capitalism. The isolated worker is powerless against the capitalistic employer. To overcome this handicap, the workers organize into unions. The union binds the workers together into common action, with the strike as their weapon. Then the balance of poewr is relatively equal, or is sometimes even heaviest on the side of the workers, so that the isolated small employer is weak against the mighty union. Hence in developed capitalism trade unions and employers' unions (Associations, Trusts, Corporations, etc.), stand as fighting powers against each other.

Trade unionism first arose in England, where industrial capitalism first developed. Afterward it spread to other countries, as a natural companion of capitalist industry. In the United States there were very special conditions. In the beginning, the abundance of free unoccupied land, open to settlers, made for a shortage of workers in the towns and relatively high wages and good conditions. The American Federation of Labor became a power in the country, and generally was able to uphold a relatively high standard of living for the workers who were organized in its unions.

It is clear that under such conditions the idea of overthrowing capitalism could not for a moment arise in the minds of the workers. Capitalism offered them a sufficient and fairly secure living. They did not feel themselves a separate class whose interests were hostile to the existing order; they were part of it; they were conscious of partaking in all the possibilities of an ascending capitalism in a new continent. There was room for millions of people, coming mostly from Europe. For these increasing millions of farmers, a rapidly increasing industry was necessary, where, with energy and good luck, workmen could rise to become free artisans, small business men, even rich capitalists. It is natural that here a true capitalist spirit prevailed in the working class.

The same was the case in England. Here it was due to England's monopoly of world commerce and big industry, to the lack of competitors on the foreign markets, and to the possession of rich colonies, which brought enormous wealth to England. The capitalist class had no need to fight for its profits and could allow the workers a reasonable living. Of course, at first, fighting was necessary to urge this truth upon them; but then they could allow unions and grant wages in exchange for industrial peace. So here also the working class was imbued with the capitalist spirit.

Now this is entirely in harmony with the innermost character of trade unionism. Trade unionism is an action of the workers, which does not go beyond the limit of capitalism. Its aim is not to replace capitalism by another form of production, but to secure good living conditions within capitalism. Its character is not revolutionary, but conservative.

Certainly, trade union action is class struggle. There is a class antagonism in capitalism--capitalists and workers have opposing interests. Not only on the question of conservation of capitalism, but also within capitalism itself, with regard to the division of the total product. The capitalists attempt to increase their profits, the surplus value, as much as possible, by cutting down wages and increasing the hours or the intensity of labor. On the other hand, the workers attempt to increase their wages and to shorten their hours of work.

The price of labor power is not a fixed quantity, though it must exceed a certain hunger minimum; and it is not paid by the capitalists of their own free will. Thus this antagonism becomes the object of a contest, the real class struggle. It is the task, the function of the trade unions to carry on this fight.

Trade unionism was the first training school in proletarian virtue, in solidarity as the spirit of organized fighting. It embodied the first form of proletarian organized power. In the early English and American trade unions this virtue often petrified and denegrated into a narrow craft-corporation, a true capitalistic state of mind. It was different, however, where the workers had to fight for their very existence, where the utmost efforts of their unions could hardly uphold their standard of living, where the full force of an energetic, fighting, and expanding capitalism attacked them. There they had to learn the wisdom that only the revolution could definitely save them.

So there comes a disparity between the working class and trade unionism. The working class has to look beyond capitalism. Trade unionism lives entirely within capitalism and cannot look beyond it. Trade unionism can only represent a part, a necessary but narrow part, in the class struggle. And it develops aspects which bring it into conflict with the greater aims of the working class.

With the growth of capitalism and big industry the unions too must grow. They become big corporations with thousands of members, extending over the whole country, with sections in every town and every factory. Officials must be appointed: presidents, secretaries, treasurers, to conduct the affairs, to manage the finances, locally and centrally. They are the leaders, who negotiate with the capitalists and who by this practice have acquired a special skill. The president of a union is a big shot, as big as the capitalist employer himself, and he discusses with him, on equal terms, the interests of his members. The officials are specialists in trade union work, which the members, entirely occupied by their factory work, cannot judge or direct themselves.

So large a corporation as a union is not simply an assembly of single workers; it becomes an organized body, like a living organism, with its own policy, its own character, its own mentality, its own traditions, its own functions. It is a body with its own interests, which are separate from the interests of the working class. It has a will to live and to fight for its existence. If it should come to pass that unions were no longer necessary for the workers, then they would not simply disappear. Their funds, their members, and their officials: all of these are realities that will not disappear at once, but continue their existence as elements of the organization.

The union officials, the labor leaders, are the bearers of the special union interests. Originally workmen from the shop, they acquire, by long practice at the head of the organization, a new social character. In each social group, once it is big enough to form a special group, the nature of its work molds and determines its social character, its mode of thinking and acting. The officials' function is entirely different from that of the workers. They do not work in factories, they are not exploited by capitalists, their existence is not threatened continually by unemployment. They sit in offices, in fairly secure positions. They have to manage corporation affairs and to speak at workers meetings and discuss with employers. Of course, they have to stand for the workers, and to defend their interests and wishes against the capitalists. This is, however, not very different from the position of the lawyer who, appointed secretary of an organization, will stand for its members and defend their interests to the full of his capacity.

However, there is a difference. Because many of the labor leaders came from the ranks of workers, they have experienced for themselves what wage slavery and exploitation means. They feel as members of the working class and the proletarian spirit often acts as a strong tradition in them. But the new reality of their life continually tends to weaken this tradition. Economically they are not proletarians any more. They sit in conferences with the capitalists, bargaining over wages and hours, pitting interests against interests, just as the opposing interests of the capitalist corporations are weighed one against another. They learn to understand the capitalist's position just as well as the worker's position; they have an eye for "the needs of industry"; they try to mediate. Personal exceptions occur, of course, but as a rule they cannot have that elementary class feeling of the workers, who do not understand and weigh capitalist interests against their own, but will fight for their proper interests. Thus they get into conflict with the workers.

The labor leaders in advanced capitalism are numerous enough to form a special group or class with a special class character and interests. As representatives and leaders of the unions they embody the character and the interests of the unions. The unions are necessary elements of capitalism, so the leaders feel necessary too, as useful citizens in capitalist society. The capitalist function of unions is to regulate class conflicts and to secure industrial peace. So labor leaders see it as their duty as citizens to work for industrial peace and mediate in conflicts. The test of the union lies entirely within capitalism; so labor leaders do not look beyond it. The instinct of self-preservation, the will of the unions to live and to fight for existence, is embodied in the will of the labor leaders to fight for the existence of the unions. Their own existence

is indissolubly connected with the existence of the unions. This is not meant in a petty sense, that they only think of their personal jobs when fighting for the unions. It means that primary necessities of life and social functions determine opinions. Their whole life is concentrated in the unions, only here have they a task. So the most necessary organ of society, the only source of security and power is to them the unions; hence they must be preserved and defended by all possible means, even when the realities of capitalist society undermine this position. This happens when capitalism's expansion class conflicts become sharper.

The concentration of capital in powerful concerns and their connection with big finance renders the position of the capitalist employers much stronger than the workers'. Powerful industrial magnates reign as monarchs over large masses of workers; they keep them in absolute subjection and do not allow "their" men to go into unions. Now and then the heavily exploited wage slaves break out in revolt, in a big strike. They hope to enforce better terms, shorter hours, more humane conditions, the right to organize. Union organizers come to aid them. But then the capitalist masters use their social and political power. The strikers are driven from their homes; they are shot by militia or hired thugs; their spokesmen are railroaded into jail; their relief actions are prohibited by court injunctions. The capitalist press denounces their cause as disorder, murder and revolution; public opinion is aroused against them. Then, after months of standing firm and of heroic suffering, exhausted by misery and disappointment, unable to make a dent on the ironclad capitalist structure, they have to submit and to postpone their claims to more opportune times.

In the trades where unions exsit as mighty organizations, their position is weakened by this same concentration of capital. The large funds they had collected for strike support are insignificant in comparison to the money power of their adversaries. A couple of lock-outs may completely drain them. No matter how hard the capitalist employer presses upon the worker by cutting wages and intensifying their hours of labor, the union cannot wage a fight. When contracts have to be renewed, the union feels itself the weaker party. It has to accept the bad terms the capitalists offer; no skill in bargaining avails. But now the trouble with the rank and file members begins. The men want to fight; they will not submit before they have fought; and they have not much to lose by fighting. The leaders, however, have much to lose--the financial power of the union, perhaps its existence. They try to avoid the fight, which they consider hopeless. They have to convince the men that it is better to come to terms. So, in the final analysis, they must act as spokesmen of the employers to force the capitalists' terms upon the workers. It is even worse when the workers insist on fighting in opposition to the decision of the unions. Then the union's power must be used as a weapon to subdue the workers.

So the labor leader has become the slave of his capitalistic task of securing industrial peace--now at the cost of the workers, though he meant to serve them as best he could. He cannot look beyond capitalism, and within the horizon of capitalism with a capitalist outlook, he is right when he thinks that fighting is of no use. To criticize him can only mean that trade unionism stands here at the limit of its power.

Is there another way out then? Could the workers win anything by fighting? Probably they will lose the immediate issue of the fight; but they will gain something else. By not submitting without having fought, they rouse the spirit of revolt against capitalism. They proclaim a new issue. But here the whole working class must join in. To the whole class, to all their fellow workers, they must show that in capitalism there is no future for them, and that only by fighting, not as a trade union, but as a united class, they can win. This means the beginning of a revolutionary struggle. And when their fellow workers understand this lesson, when simultaneous strikes break out in other trades, when a wave of rebellion goes over the country, then in the arrogant hearts of the capitalists there may appear some doubt as to their omnipotence and some willingness to make concessions.

The trade union leader does not understand this point of view, because trade unionism cannot reach beyond capitalism. He opposes this kind of fight. Fighting capitalism in this way means at the same time rebellion against the trade unions. The labor leader stands beside the capitalist in their common fear of the workers' rebellion.

When the trade unions fought against the capitalist class for better working conditions, the capitalist class hated them, but it had not the power to destroy them completely. If the trade unions would try to raise all the forces of the working class in their fight, the capitalist class would persecute them with all its means. They may see their actions repressed as rebellion, their offices destroyed by militia, their leaders thrown in jail and fined, their funds confiscated. On the other hand, if they keep their members from fighting, the capitalist class may consider them as valuable institutions, to be preserved and protected, and their leaders as deserving citizens. So the trade unions find themselves between the devil and the deep blue sea; on the one side persecution, which is a tough thing to bear for people who meant to be peaceful citizens; on the other side, the rebellion of the members, which may undermine the unions. The capitalist class, if it is wise, will recognize that a bit of sham fighting must be allowed to uphold the influence of the labor leaders over the members.

The conflicts arising here are not anyone's fault; they are an inevitable consequence of capitalist development. Capitalism exists, but it is at the same time on the way to ruin. It must be fought as a living thing, and at the same time, as a transitory thing. The workers must wage a steady fight for wages and working conditions, while at the same time communistic ideas, more or less clear and conscious, awaken in their minds. They cling to the unions, feeling that these are still necessary, trying now and then to transform them into better fighting institutions. But the spirit of trade unionism, which is in its pure form a capitalist spirit, is not in the workers. The divergence between these two tendencies in capitalism and in the class struggle appears now as a rift between the trade union spirit, mainly embodied in their leaders, and the growing revolutionary feeling of the members. This rift becomes apparent in the opposite positions they take on various important social and political questions.

Trade unionism is bound to capitalism; it has its best chances to obtain good wages when capitalism flourishes. So in times of depression it must hope that prosperity will be restored, and it must try to further it. To the workers as a class, the prosperity of capitalism is not at all important. When it is weakened by crisis or depression, they have the best chance to attack it, to strengthen the forces of the revolution, and to take the first steps toward freedom.

Capitalism extends its dominion over foreign continents, seizing their natural treasures in order to make big profits. It conquers colonies, subjugates the primitive population and exploits them, often with horrible cruelties. The working class denounces colonial exploitation and opposes it, but trade unionism often supports colonial politics as a way to capitalist prosperity.

With the enormous increases of capital in modern times, colonies and foreign countries are being used as places in which to invest large sums of capital. They become valuable possessions as markets for big industry and as producers of raw materials. A race for getting colonies, a fierce conflict of interests over the dividing up of the world arises between the great capitalist states. In these politics of imperialsim the middle classes are whirled along in a common exaltation of national greatness. Then the trade unions side with the master class, because they consider the prosperity of their own national capitalism to be dependent on its success in the imperialist struggle. For the Working class, imperialism means increasing power and brutality of their exploiters.

These conflicts of interests between the national capitalisms explode into wars. World war is the crowning of the policy of imperialism. For the workers, war is not only the destruction of all their feelings of international brotherhood, it also means the most violent exploitation of their class for capitalist profit. The working class, as the most numerous and the most oppressed class of society, has to bear all the horrors of war. The workers have to give not only their labor power, but also their health and their lives.

Trade unions, however, in war must stand upon the side of the capitalist. Its interests are bound up with national capitalism, the victory of which it must wish with all its heart. Hence it assists in arousing strong national feelings and national hatred. It helps the capitalist class to drive the workers into war and to beat down all opposition.

Trade unionism abhors communism. Communism takes away the very basis of its existence. In communism, in the absence of capitalist employers, there is no room for the trade union and labor leaders. It is true that in countries with a strong socialist movement, where the bulk of the workers are socialists, the labor leaders must be socialists too, by origin as well as by environment. But then they are right-wing socialists; and their socialism is restricted to the idea of a commonwealth where instead of greedy capitalists honest labor leaders will manage industrial production.

Trade unionism hates revolution. Revolution upsets all the ordinary relations between capitalists and workers. In its violent clashings, all those careful tariff regulations are swept away; in the strife of its gigantic forces the modest skill of the bargaining labor leaders loses its value. With all its power, trade unionism opposes the ideas of revolution and communism.

This opposition is not without significance. Trade unionism is a power in itself. It has considerable funds at its disposal, as material element of power. It has its spiritual influence, upheld and propagated by its periodical papers as mental element of power. It is a power in the hands of leaders, who make use of it wherever the special interests of trade unions come into conflict with the revolutionary interests of the working class. Trade unionism, though built up by the workers and consisting of workers, has turned into a power over and above the workers, just as government is a power over and above the people.

The forms of trade unionism are different for different countries, owing to the different forms of development in capitalism. Nor do they always remain the same in every country. When they seem to be slowly dying away, the fighting spirit of the workers is sometimes able to transform them, or to build up new types of unionism. Thus in England, in the years 1880-90, the "new unionism" sprang up from the masses of poor dockers and the other badly paid, unskilled workers, bringing a new spirit into the old craft unions. It is a consequence of capitalist development, that in founding new industries and in replacing skilled labor by machine power, it accumulates large bodies of unskilled workers, living in the worst of conditions. Forced at last into a wave of rebellion, into big strikes, they find the way to unity and class consciousness. They mould unionism into a new form, adapted to a more highly developed capitalism. Of course, when afterwards capitalism grows to still mightier forms, the new unionism cannot escape the fate of all unionism, and then it produces the same inner contradictions.

The most notable form sprang up in America, in the "Industrial Workers of the World." The I.W.W. originated from two forms of capitalist expansion. In the enormous forests and plains of the West, capitalism reaped the natural riches by Wild West methods of fierce and brutal exploitation; and the worker-adventurers responded with as wild and jealous a defense. And in the eastern states new industries were founded upon the exploitation of millions of poor immigrants, coming from countries with a low standard of living and now subjected to sweatshop labor or other most miserable working conditions.

Against the narow craft spirit of the old unionism, of the A.F. of L., which divided the workers of one industrial plant into a number of separate unions, the I.W.W. put the principle: all workers of one factory, as comrades against one master, must form one union, to act as a strong unity against the employer. Against the multitude of often jealous and bickering trade unions, the I.W.W. raised the slogan: one big union for all the workers. The fight of one group is the cause of all. Solidarity extends over the entire class. Contrary to the haughty disdain of the well-paid old American skilled labor towards the unorganized immigrants, it was these worst-paid proletarians that the I.W.W. led into the fight. They were too poor to pay high fees and build up ordinary trade unions. But when they broke out and revolted in big strikes, it was the I.W.W. who taught them how to fight, who raised relief funds all over the country, and who defended their cause in its papers and before the courts. By a glorious series of big battles it infused the spirit of organization and self-reliance into the hearts of these masses. Contrary to the trust in the big funds of the old unions, the Industrial Workers put their confidence in the living solidarity and the force of endurance, upheld by a burning enthusiasm. Instead of the heavy stone-masoned buildings of the old unions, they represented the principle of flexible construction, with a fluctuating membership, contracting in time of peace, swelling and growing in the fight itself. Contrary to the conservative capitalist spirit of trade unionism, the Industrial Workers were anti-capitalist and stood for Revolution. Therefore they were persecuted with intense hatred by the whole capitalist world. They were thrown into jail and tortured on false accusations; a new crime was even invented on their behalf: that of "criminal syndicalism."

Industrial unionism alone as a method of fighting the capitalist class is not sufficient to overthrow capitalist society and to conquer the world for the working class. It fights the capitalists as employers on the economic field of production, but it has not the means to overthrow their political stronghold, the state power. Nevertheless, the I.W.W. so far has been the most revolutionary organization in America. More than any other it contributed to rouse class consciousness and insight, solidarity and unity in the working class, to turn its eyes toward communism, and to prepare its

fighting power.

The lesson of all these fights is that against big capitalism, trade unionism cannot win. And if at times it wins, such victories give only temporary relief. And yet, these fights are necessary and must be fought. To the bitter end?--no, to the better end.

The reason is obvious. An isolated group of workers might be equal to a fight against an isolated capitalist employer. But an isolated group of workers against an employer backed by the whole capitalist class is powerless. And such is the case here: the state power, the money power of capitalism, public opinion of the middle class, excited by the capitalist press, all attack the group of fighting workers.

But does the working class back the strikers? The millions of other workers do not consider this fight as their own cause. Certainly they sympathize, and may often collect money for the strikers, and this may give some relief, provided its ditribution is not forbidden by a judge's injunction. But this easy-going sympathy leaves the real fight to the striking group alone. The millions stand aloof, passive. So the fight cannot be won (except in some speical cases, when the capitalists, for business reasons, prefer to grant concessions), because the working class does not fight as one undivided unit.

The matter will be different, of course, when the mass of the workers really consider such a contest as directly concerning them; when they find that their own future is at stake. If they go into the fight themselves and extend the strike to other factories, to ever more branches of industry, then the state power, the capitalist power, has to be divided and cannot be used entirely against the separate group of workers. It has to face the collective power of the working class.

Extension of the strike, ever more widely, into, finally, a general strike, has often been advised as a means to avert defeat. But to be sure, this is not to be taken as a truly expedient pattern, accidently hit upon, and ensuring victory. If such were the case, trade unions certainly would have made use of it repeatedly as regular tactics. It cannot be proclaimed at will by union leaders, as a simple tactical measure. It must come forth from the deepest feelings of the masses, as the expression of their spontaneous initiative, and this is aroused only when the issue of the fight is or grows larger than a simple wage contest of one group. Only then will the workers put all their force, their enthusiasm, their solidarity, their power of endurance into it.

And all these forces they will need. For capitalism also will bring into the field stronger forces than before. It may have been defeated and taken by surprise by the unexpected exhibition of proletarian force and thus have made concessions. But then, afterwards, it will gather new forces out of the deepest roots of its power and proceed to win back its position. So the victory of the workers is neither lasting nor certain. There is no clear and open road to victory; the road itself must be hewn and built through the capitalist jungle at the cost of immense efforts.

But even so, it will mean great progress. A wave of solidarity has gone through the masses, they have felt the immense power of class unity, their self-confidence is raised, they have shaken off the narrow group egotism. Through their own deeds they have acquired new wisdom: what capitalism means and how they stand as a class against the capitalist class. They have seen a glimpse of their way to freedom.

Thus the narrow field of trade union struggle widens into the broad field of class struggle. But now the workers themselves must change. They have to take a wider view of the world. From their trade, from their work within the factory walls, their mind must widen to encompass society as a whole. Their spirit must rise above the petty things around them. They have to face the state; they enter the realm of politics. The prblems of revolution must be dealt with.

Anton Pannekoek

UNION MYTHS

It is understandable that there is a certain folklore surrounding unions. Many heroic struggles have been fought to achieve unionization, and just as our present government leaders can cash in on ideals two centuries old, so can present union enthusiasts tap the rich history of workers' struggles.

"Solidarity forever, for the union makes us strong" was once sung by labor militants who had a vision of the entire workforce unionized, daily growing in strength, and working as a collective whole for the benefit of all workers. Reality, however, has cruelly intruded, and unions have become a major barrier to worker solidarity. Union gains are made for members, not for the unorganized. As the total wage must always be limited by profit requirements, the greater the percentage of the workforce unionized, the less will be the relative gain of the organized sector. This is why unions are exclusive and must be in competition with the non-union sector.

Unions divide workers by race and sex in several ways. Minorities and women are far less unionized; therefore, the conflict of unionized against non-unionized has race and sex aspects. The seniority system defended by unions (and frequently subject to legal challenge within the unions by those historically excluded from seniority) usually works against women and non-whites. And the existing union power structures are nearly always dominated by white males.

Unions defend the narrow interests of their own members in competition with other unions. Sympathy strikes are almost unheard of, and in the recent coal miners' strike the union, in order to demonstrate its "responsibility" to the bosses, kept the western miners on the job, in effect, scabbing.

One current myth on the "left" is that capitalists in general oppose unions. While this might have been true a hundred years ago, it didn't take too long for many bosses to realize that unionism, far from threatening capitalist authority, could be an extension of this authority if properly controlled. Unionism is a stabilizer and disciplinarian of the workforce, which insures that production will go on uninterrupted, and that grievances will be dealt with by the "proper" authorities through "correct" channels. Negotiations will be "reasonable" because the union has a vested interest not only in the continued existence of the company (for obvious reasons--no company, no union), but also in the continued growth of the company, which means the union's growth as well.

Unions see themselves not as a rival class to the capitalists, but rather as rival businesses selling a particular kind of labor power, attempting to gain a monopoloy on it, and sell that labor power at the most favorable price. Although most--but not all--companies would be happy to do without a union, it is generally the weaker ones which oppose them, especially in hard times when profits are squeezed and the workers are also in a weaker position. Sometimes small firms are even driven out of business by unions or union drives with the complicity of stronger firms which can then move in and take up the slack in the market.

Another misconception is that unions invariably bring both better working conditions and large pay increases. Anyone who bothers to study the matter even superficially can verify that unions frequently trade off a regression in working conditions for pay raises. The fact that unionized labor is far better paid indicates primarily that those companies big and rich enough to be able to afford a union can also afford to pay higher wages.

Another myth is that unions, irrespective of what the economy is doing, can fight layoffs as a matter of policy. While they are sometimes able to protect jobs in a narrow craft sort of way, in times of economic crisis, unions are more often in the forefront supporting layoffs. This is because of the fact that if a given industry isn't allowed to modernize, it will be unable to survive competition with foreign or

domestic rivals. This would result in the loss of even more jobs, and would destroy the union in the process. One need look no further than the steel industry in the U.S. and to the steelworkers' union to see this.

In addition, unions have distinct interests of their own. Today they are no longer merely an aid to capitalism; they are an integral pat of it. The scandals about union dues being invested in "shady" ways overshadow the more important fact that dues are invested in "legitimate" business, including, at times, the company unionized by that particular union. Unions, while selling "anti-strike" insurance to the boss, thus play the same role in the capitalist system as insurance companies--that of finance capital. Is it any wonder they don't want to threaten profits?

But why must unions have vested interests separate from both the rank and file and from the non-unionized sector of the workforce? To the reformer it is a a mere question of leadership. Corrupt or inept leaders must be replaced by honest and efficient leaders, preferably those coming up from the ranks. Those advocating union reform believe that with sincere leaders, unions will be able to consistently squeeze the bosses for higher wages and better working conditions, to organize the unorganized, and even to spread unionism to parts of the country and the world where it is weak or nonexistent, in order to combat runaway shops.

In times when an expanding economy makes it possible for the employers to include the workers in prosperity, the quality of the leadership of a union may have some bearing on what portion of the social wealth the workers in that union will receive. This is the basis for the false notion that it is the quality of union leaders and not the condition of a given industry or of the economy in general, which determine what workers will receive. The fact of the matter is that in times of economic stagnation or decline there is litle, aside from refraining from outright theivery, that the "honest reformer" who wants to fight against "tuxedo unionism" and "for the rank and file" can do. The impetus for union reform is the illusion that real options continue to exist; that the present leaders can take either the right course of action or the wrong one, and choose the wrong one.

Things become much more difficult once the reformer comes to power. Capitalists need a certain rate of profit in order to compete and therefore to survive. Contrary to leftist rhetoric, they don't exceed this rate of profit more than sporadically. Nothing's for nothing, and if the capitalists agree to pay more, they will want some kind of payoff through increased productivity. If business becomes unprofitable at a given location, the weaker firms will fold while those which are part of a large conglomerate will be able to move to greener, non-unionized pastures. If the company wants to go overseas, the liberal union boss will have to not only try to get the workers to accept the company terms in order to avoid losing their jobs altogether, but will also probably have to join the reactionary nationalist chorus about keeping American jobs for Americans. The alternative of telling the workers that they should accept the loss of their jobs in the spirit of international unionism is usually not too agreeable. It is the natural trend of capital to expand and find new outlets. Even if the national or international union successfully unionizes the runaway shop (and that is a very big "if"), it will be little consolation to either the local union members or bosses who have lost their jobs.

Unions, as noted above, are businesses, and it is this fact and not "sellout leaders" which stops them from organizing the unorganized. The strong companies which can afford a union normally are already unionized, and the weak ones would only be a liability to the union. They would sap its wealth through long and costly union drives, the need for more frequent strikes to bring wages to something approaching union scale and then keep them there, and in general, financially and organizatinally contribute the least to the union's resources while needing it the most.

The bankruptcy of union reform can perhaps be seen most clearly in the case of Arnold Miller. He was a miner for decades and is a victim of Black Lung Disease. If he "sold out," then anyone will.

To the so-called Marxist-Leninist (in my opinion Leninism doesn't even qualify as a perversion of Marxism), the reformists misunderstand the leadership problem. As the Leninist sees it, the problem is not primarily one of character, but rather one of ideology. If only "Reds" ran the unions, they would know that unions are "supposed" to fight against capitalists, and not work harmoniously with them like the reformists.

It is no surprise that Leninists should find unions attractive. The hierarchical structure seems ideal to them as a stepping stone towards controlling workers' struggles and eventually bringing their Leninist party to power. What is surprising is that so many "Reds" really believe that the ruling class would just sit back and let them gradually get the upper hand.

Even more mysterious is the illusion that "Reds" can somehow escape the contradictions of other union bosses cited above. Why, when, "Red" union bosses try to start "fighting for the workers' needs in a really class-conscious way," should the law of vaue be rendered obsolete?

In times of relative social peace, workers have no use for a union that wants constantly to disrupt the work process in a programmatic

way, and if the "Reds" merely sit back waiting for the balance of power between themselves and the ruling class to improve, there will be nothing to distinguish them from anyone else save their obnoxious rhetoric. In times of persecution, it is likely that they would have to be very conservative in deeds, if not words, just to survive; and in times of social upheaval, the workers will bypass them as one more obstacle to the unfolding struggle. When siezing direct control over their lives, workers will have no more need for Leninist union bosses than they will for any other kind of boss.

Another variant of militant unionism is revolutionary syndicalism. This method, favored by some anarchists, would make unions independent of political parties of all sorts. Structured democratically, without paid functionaries, they would fight for day-to-day demands for a social revolution at the same time. In times when there is relative social peace and no ascending workers' movement, syndicalist "unions" can only be tiny propaganda groups. If the proper conditions produce an expanding militant workers' movement, however, a loose syndicalist union might possibly come into being[2] and be able to fight for workers' needs in a tangible way. But unless syndicalism is redefined to mean only a broad, semi-structured movement as opposed to a rigidly structured organization,[3] syndicalism will only become another obstacle to militant struggle. This will happen because (1) The struggle inevitably expands and contracts, and, just as the regular union cannot stop struggles from expanding, neither can the syndicalist union stop them from contracting. No one can dictate militance for good ends or bad. (2) In order to survive the ebbing of militant activity, the syndicalist union must be able to guarantee some kind of concrete advantages for its members or they will all leave. It therefore develops a separate interest of its own, and furthermore, must become conservative to protect that interest. (3) When the next rising occurs, the syndicalist union will see this rising as reckless and a direct threat to the established syndicalist structure.

Unions can only be destroyed by capitalist crisis. At that time, they may be destroyed by capitalists themselves because they have outlived their usefulness to capitalism, or by a revolutionary workers' movement because they have outlived their limited usefulness to workers. It makes no sense to sloganeer abstractly that workers should destroy the unions or for that matter even passively leave them. That unions are "against the revolution" makes sense only when there is a revolution happening for them to be against. Anyone who thinks that this would in fact be the case if only there weren't unions must explain why there is no revolution, or, for that matter, even much militance in the non-union sector.

Unions, themselves arbitrary, at least stop much of the more arbitrary repression of the boss. Whether or not a given workplace would be better off with one than without one cannot be answered programmatically, but only by treating each case individually. Unions often safeguard concrete benefits (wage rates, insurance, pension pans, etc.) better than workers could without a union. Workers may hate the union, and usually do, but they feel that they need it. Some radicals may find "continuous struggle" very exciting, but there are reasons why most workers would rather have someone else handle their grievances. Most people are too preoccupied with or drained by the daily events of their lives to be up for constant struggle on the job.

"Workers' organizations" such as unions with a permanent structure to maintain must see struggles as a means to further the organization. The struggle must always remain subordinate. The only way workers' self-organization appears at all, beyond a few individuals, is to further an ongoing struggle. Since it appears only when there is a felt need, and likewise disappears when that need is no longer apparent, the organization remains subordinate to the struggle. In the former, authority lies in the distant and usually inaccessible bureaucrats, while for the latter there is no authority other than the participants themselves.

The loose shop floor networks that exist in most workplaces--sometimes strong, sometimes weak, ever expanding and contracting--have as their strengths that those workers who participate in them are constantly educating and strengthening themselves in their daily struggles. Self-directed struggles of workers can thus become an aid to their eventual emancipation, which can only be an act of the working class itself.

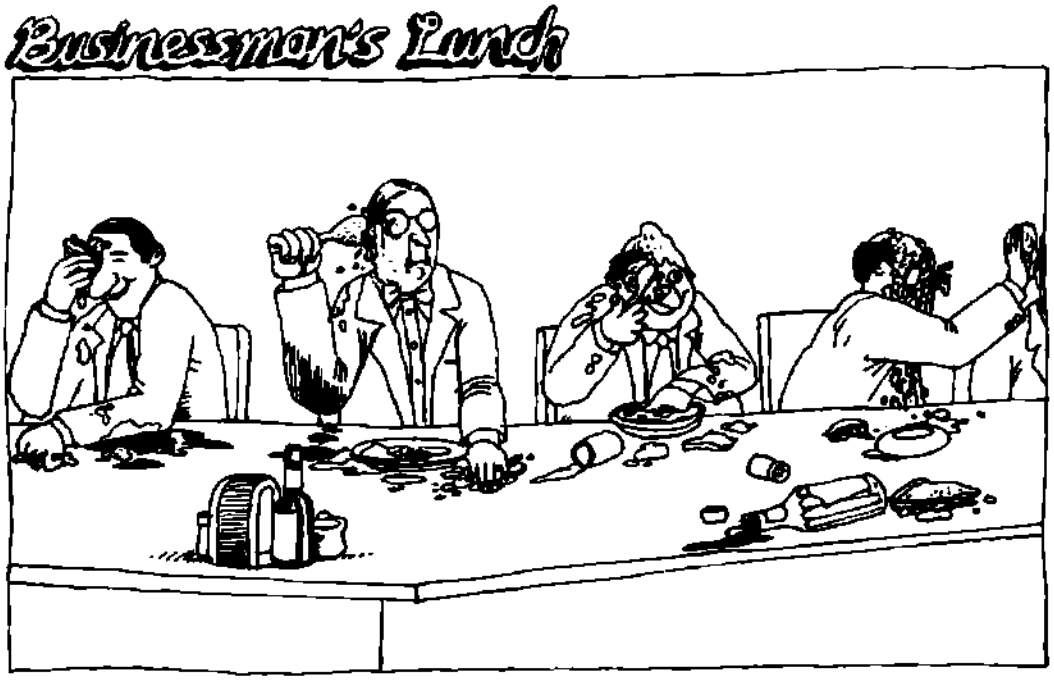
Don Johnson
May, 1978

FOOTNOTES

[1]Here I am referring to those Leninists ostensibly to the "left" of Moscow; Trotskyites and Peking freaks. The Moscow-led "Communist" Party which runs the United Electrical Workers falls completely into the reformist category.

[2]The best example of this is the Spanish CNT (National Confederation of Labor) of the 1930's.

[3]A section of the CNT reviving in Spain today favors this. See "Spain: Some Aspects of the New Workers' Movement" and the interview with Edo and Burro in Root & Branch 5.



The Carter administration's proposal to cut in half the tax deductions allowed for business lunches and "other expense-account activities" (such as theater and sporting events, yachts, hunting lodges, social clubs, nightclub shows, etc.) has raised an understandable furor among the owners and patrons of the fashionable restaurants of New York City.

The restaurant owners are afraid that the Carter proposals will put them out of business. Sheldon Tanner, owner of the famous "21 Club," said recently that "some of the city's most fashionable, widely written about, and expensive restaurants will have to close down if people had to pay for their meals out of their own money."

Elio Orsini, owner of "Orsini's," a restaurant popular in the fashion and publishing trades, was even more indignant. "This is a frontal assault on the restaurant industry," he said. "The Carters, if these men don't stop, they will ruin the country. Restaurants will be destroyed. My business is 94, 95 percent expense accounts. You can tell, they charge, they write down who they are with. I have important people here, making big deals over lunch."

The luncheon bills in the better restaurants in the neighborhood generally run between $20 and $30 a person. The business men that frequent these restaurants often defend their business lunches on the grounds of efficiency. John E. O'Toole, president of Foote, Cone, and Balding advertising agency, argued that "business lunches are a legitimate expense and a way of getting more work done by extending the working day." He added enthusiastically, "I wish there were more lunches in the week."

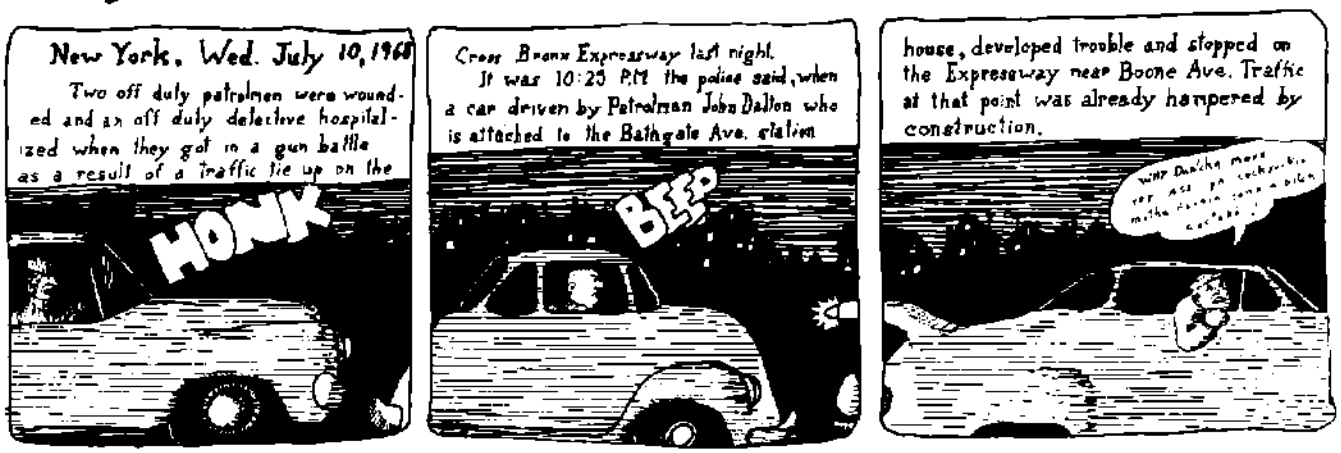
Another businessman took the threat posed by the Carter proposal more personally. John Scanlon, a public relations executive, said angrily: "Who are these people, a bunch of Bolsheviks? It took me all my life to get into the eating class and now they want to take it away."

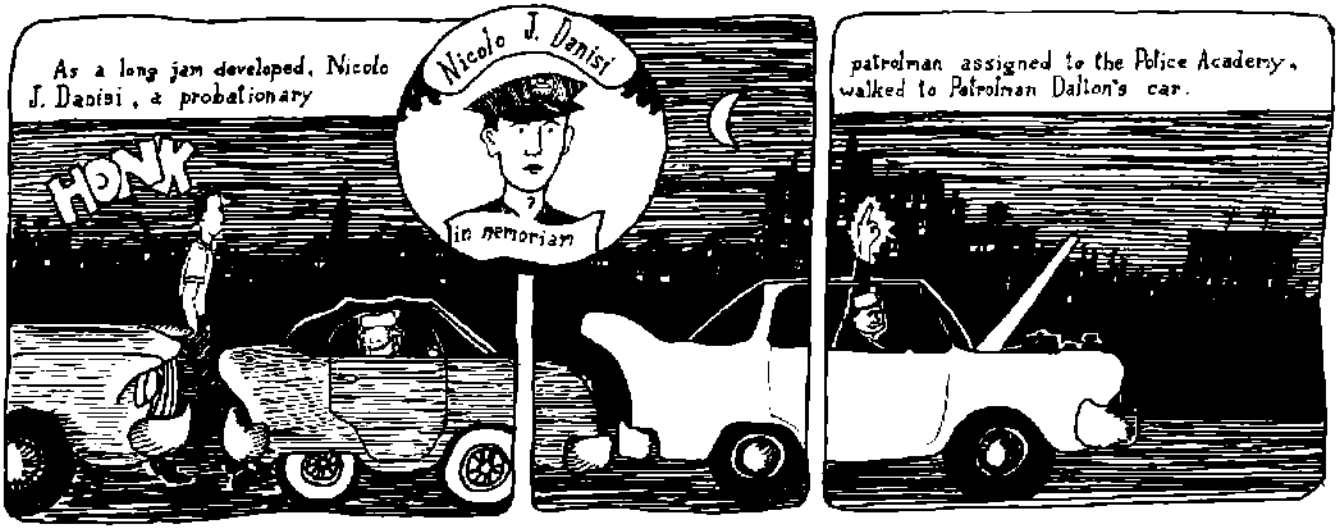
taken from the New York Times
September 9, 1977

THE NAKED CITY'S CLASSICS ILLUSTRATED

TAKEN VERBATUM FROM THE NEW YORK TIMES (no shit)

This Week: "Boys will Be Boys"


New York, Wed. July 10, 1968
Two off duty patrolmen were wounded and an off duty detective hospitalized when they got in a gun battle as a result of a traffic tie up on the
HONK
Cross Bronx Expressway last night.
It was 10:25 P.M. the police said, when a car driven by Patrolman John Dalton who is attached to the Bathgate Ave. station
BEEP
house, developed trouble and stopped on the Expressway near Boone Ave. Traffic at that point was already hampered by construction.


As a long jam developed, Nicolo J. Danisi, a probationary
HONK
Nicolo J. Danisi
in memoriam
patrolman assigned to the Police Academy, walked to Patrolman Dalton's car.

There according to the police, the two men started

O.K Bud whats e problem here !

HONK

to shout at each other.

Get laid ya' fuckin Scumbag

Several cars away sat Detective Fredrich Gibson of the Bureau of Special Services.

The police said he saw the probationary Patrolman pull out his wallet and show his shield to Patrolman Dalton.

Then the police spokesman said the detective saw Patrolman Dalton shoot Patrolman Danisi.

BAM

HOLY SHIT

JESUS CHRIST

At that point according to the police, Detective Gibson still not knowing that the other drivers were also members of the force, drew his revolver and taking cover behind a car ordered Patrolman Dalton to drop his gun.

Instead the Patrolman fired. Detective Gibson returned the fire while nearly 100 cars with their trapped and alarmed occupants were backed up near the line of fire.

BAM BAM BAM BANG BANG

One bullet struck Patrolman Dalton in the chest and he fell. At Jacobi Hospital he was reported to be in serious condition. Patrolman Danisi was in critical condition at the same hospital.

Within an hour of the shooting Chief Inspector Sanford D. Garelik and other top Police Department officials met at the Simpson Avenue station house to piece together the story. Chief Garelik reported that a full scale investigation was being made.

And further more blah blah

Police Department regulations require that all members of the force carry their service revolvers when they are off duty.

ROSA LUXEMBURG IN RETROSPECT

It will soon be sixty years since the mercenaries of the German social-democratic leadership murdered Karl Liebknecht and Rosa Luxemburg. Although they are mentioned in the same breath, as they both symbolized the radical element within the German political revolution of 1918, Rosa Luxemburg's name carries greater weight because her theoretical work was of greater seminal power. In fact, it can be said that she was the outstanding personality in the international labor movement after Marx and Engels, and that her work has not lost its political relevance despite the changes the capitalist system and the labor movement have undergone since her death.

Just the same, like everyone else, Rosa Luxemburg was a child of her time and can only be understood in the context of the phase of the social-democratic movement of which she was a part. Whereas Marx's critique of bourgeois society evolved in a period of rapid capitalistic development, Rosa Luxemburg was active in a time of increasing instability for capitalism, wherein the abstractly formulated contradictions of capital production showed themselves in the concrete forms of imperialistic competition and in intensified class struggles. While the actual proletarian critique of political economy, according to Marx, consisted at first in the workers' fight for better working conditions and higher living standards, which would prepare the future struggles for the abolition of capitalism, in Rosa Luxemburg's view this "final" struggle could no longer be relegated to a distant future but was already present in the extending class struggles. The daily fight for social reforms was inseparably connected with the historical necessity of the proletarian revolution.

Without entering into Rosa Luxemburg's biography, it should be said, that she came from a middle-class background and that she entered the socialist movement at an early age. Like others, she was forced to leave Russian Poland and went to Switzerland to study. Her main interest, as behooved a socialist influenced by Marxism, was political economy. Her early work in this field is now only of historical interest. There was her inaugural-dissertation, The Industrial Development of Poland (1898), which did for Poland, though in a less extensive manner, what Lenin's The Development of Capitalism in Russia did for Czarist Russia a year later. And there were her popular lectures at the Social-Democratic Party School, posthumously published by Paul Levi (1925) under the title Introduction of National Economy. In the latter work, it should be noted, Rosa Luxemburg declared that the validity of political economy is specific to capitalism, and will cease to exist with the demise of this system. In her dissertation, she came to the conclusion that the development of the Polish economy would proceed in conjunction with that of Russia, would end in complete integration, and therewith would end the nationalist aspriations of the Polish bourgeoisie. But this development would also unify the Russian and Polish proletariat and lead to the eventual destruction of Polish-Russian capitalism. The main contradiction of capitalist production was seen by her as one between the capacity to produce and the limited capacity to consume within the capitalist relations of production. This contradiction leads to recurrent economic crises and the increasing misery of the working class and therewith, in the long run, to social revolution.

It was only with her work on The Accumula-

tion of Capital (1912) that Rosa Luxemburg's economic theories became controversial. Although she claimed that this book grew out of complications arising in the course of her popular lectures on National Economy, namely, her inability to relate the total capitalist reproduction process to the postulatd objective limits of capital production, it is clear from the work itself that it was also a reaction to the emasculation of Marxian theory initiated by the "Revisionism" that swept the socialist movement around the turn of the century. Revisionism operated on two levels: the primitive empirical level personified by Eduard Bernstein,[2] who merely compared the actual capitalist development with that deducible from Marxian theory, and the more sophisticated theoretical turnabout of academic Marxism, culminating in Tugan-Baranowsky's[3] Marx-interpretation and those of his various disciples.

Only the first volume of Capital was published during Marx's lifetime, and the second and third were prepared by Friedrich Engels from unrevised papers left to his care, although they had been written prior to the publication of the first volume. Whereas the first volume deals with the capitalist process of production, the second concerns itself with the circulation process. The third volume, finally, deals with the capitalist system as a whole in its phenomenal form, as determined by its underlying value relations. Because the reproduction process necessarily controls the production process, Marx thought it useful to display this fact by means of some abstract reproduction diagrams in the second volume of Capital. The diagrams divide total social production into two sections: one producing means of production, the other means of consumption. The transactions between these two departments are imagined to be such as to enable the reproduction of the total social capital to proceed either on the same or on an enlarged scale. But what is a presupposition for the reproduction diagrams, namely, an allocation of the social labor as required for the reproduction process, must in reality first be brought about blindly, through the uncoordinated activities of the many individual capitals in their competitive pursuit of surplus-value.

The reproduction diagrams do not distinguish between values and prices; that is, they treat values as if they were prices. For the purpose they were intended to serve, namely, to draw attention to the need for a certain proportionality between the different spheres of production, the diagrams fulfill their pedagogical function. They do not depict the real world, but are instrumental in aiding in its understanding. Restricted in this sense, it does not matter whether the interrelations of production and exchange are dressed in value or price terms. Because the price form of value, taken up in the third volume of Capital, refers to the actual capitalist production and exchange process, the imaginary equilibrium conditions of Marx's reproduction diagrams do not refer to the real capitalist world. Still, Marx found it "quite necessary to view the process of reproduction in its fundamental simplicity, in order to get rid of all obscuring interferences and dispose of the false subterfuges, which assume the semblance of scientific analysis, but which cannot be removed so long as the process of social reproduction is immediately analyzed in its concrete and complicated form."[4]

Actually, according to Marx, the reproduction process under capitalistic conditions precludes any kind of equilibrium and implies, instead, "the possibility of crises, since a balance is accidental under the conditions of this production."[5] Tugan-Baranowsky, however, read the reproduction diagrams differently because of their superficial resemblance to bourgeois equilibrium theory, the main tool of bourgeois price theory. He came to the conclusion that as long as the system develops proportionately with respect to its reproduction requirements, it does not have objective limits. Crises are caused by disproportionalities arising between the different spheres of production but can always be overcome through the restoration of that proportionality whch assures the accumulation of capital. This was a disturbing idea, as far as Rosa Luxemburg was concerned, and this the more so as she could not deny the equilibrating implications of Marx's reproduction diagrams. If Tugan-Baranowsky interpreted them correctly, then Marx was wrong, because this interpretation denied the inevitable end of capitalism.

The discussion around Marx's abstract reproduction diagrams was particularly vehement in Russia because of earlier differences between the Marxists and the Populists with regard to Russia's future in face of her backwardness and her peculiar socio-economic institutions. Whereas the Populists asserted that for Russia it was already too late to enter into world competition with the established capitalist powers, and that, furthermore, it was quite possible to construct a socialist society on the basis of the not yet dissolved collectivity

of peasant production, the Marxists maintained that development on the Western pattern was inescapable and that this development itself would produce the markets it required within Russia and in the world at large. The Marxists emphasized that it is the production of capital, not the satisfaction of consumption, that determines capitalist production. There is, therefore, no reason to assume that a restriction of consumption would retard the accumulation of capital; on the contrary, the less there is consumed, the faster capital would grow.

This "production for the sake of production" made no sense to Rosa Luxemburg--not because she was unaware of the profit motive of capitalist production, which constantly strives to reduce the workers' share of social production, but because she could not see how the extracted surplus-value could be realized in money form in a market composed only of labor and capital, such as is depicted in the reproduction diagrams. Production has to go through the circulation process. It starts with money, invested in means of production and labor-power, and it ends with a greater amount of money in the hands of the capitalists, to be re-invested in another production cycle. Where would this additional money come from? In Rosa Luxemburg's view, it could not possibly come from the capitalists; for if it did, they would not be recipients of surplus-value but would pay with their own money for its commodity equivalent. Neither could it come from the purchases of the workers, who only receive the value of their labor power, leaving the surplus-value in its commodity form to the capitalists. To make the system workable, there must be a "third market," apart from the exchange relations of labor and capital, in which the produced surplus-value could be transformed into additional money.

This aspect of the matter Rosa Luxemburg found missing in Marx. She intended to close the gap and therewith substantiate Marx's conviction of capitalism's necessary collapse. Although The Accumulation of Capital approaches the realization problem historically--starting with classical economy and ending with Tugan-Baranowsky and his many imitators--so as to show that this problem has always been the Achilles heel of political economy, her own solution of the problem comprises, in essence, no more than a misunderstanding of the relation between money and capital and a misreading of the Marxian text. As she presents matters, however, everything seemingly falls in its proper place: the dialectical nature of the capital-expansion process, as one emerging out of the destruction of pre-capitalist economies; the necessary extension of this process to the world at large, as illustrated by the creation of the world market and rampant imperialsim in search of markets for the realization of surplus-value; the resulting transformation of the world economy into a system resembling Marx's closed system of the reproduction diagram; and therewith, finally, the inevitable collapse of capitalism for lack of opportunities to realize its surplus-value.

Rosa Luxemburg was carried away by the logic of her own construction to the point of revising Marx more thoroughly than had been done by the Revisionists in their concept of a theoretically possible harmonious capital development, which, for them, turned socialism into a purely ethical problem and into one of social reform by political means. On the other hand, the Marxian reproduction diagrams, if read as a version of Say's Law of the identity of supply and demand, had to be rejected. Like her adversaries, Rosa Luxemburg failed to see that these diagrams have no connection at all with the question of the viability of the capitalist system, but are merely a methodologically determined, intermediary step in the analysis of the laws of motion of the capitalist system.as a whole, which derives its dynamic from the production of surplus-value. Although capitalism is indeed afflicted with difficulties in the sphere of circulation and therewith in the realization of surplus-value, it is not here that Marx looked for, or found, the key to the understanding of capitalism's susceptibility to crises and to its inevitable end. Even on the assumption that there exists no problem at all with regard to the realization of surplus-value, capitalism finds its objective limits in those of the production of surplus-value.

According to Marx, capitalism's basic contradiction, from which spring all its other difficulties, is to be found in the value and surplus-value relations of capital production. It is the production of exchange-value in its monetary form, derived from the use-value form of labor-power, which produces, besides its own exchange-value equivalent, a surplus-value for the capitalists. The drive for exchange-value turns into the accumulation of capital, which manifests itself in a growth of capital invested in means of production relatively faster than that invested in labor-power. While this process expands the capitalist system, through the increasing productivity of labor associated with it, it also tends to reduce the rate of profit on capital, as that part of capital invested in labor-power--which is the only source of surplus-value--diminishes relative to the total social capital. This long and complicated process cannot be dealt with satisfactorily in this short article, but must at least be mentioned in order to differentiate Marx's theory of accumulation from that Rosa Luxemburg. In Marx's abstract model of capital development, capitalist crises, as well as the inevitable end of the system, find their source in the temporary or, finally, total breakdown in the accumulation process due to a lack of surplus-value or profit.

For Marx, then, the objective limits of capitalism are given by the social production relations as value relations, while for Rosa Luxemburg capitalism cannot exist at all, except

through the absorption of its surplus-value by pre-capitalist economies. This implies the absurdity that these backward nations have a surplus in monetary form large enough to accomodate the surplus-value of the capitalistically-advanced countries. But as already mentioned, this wrong idea was the unreflected consequence of Rosa Luxemburg's false notion that the whole of the surplus-value, earmarked for accumulation, must yield an equivalent in money form, in order to be realized as capital. Actually, of course, capital takes on the form of money at times and at other times that of commodities of all descriptions--all being expressed in money terms without simultaneously assuming the money form. Only a small and decreasing part of the capitalist wealth has to be in money form; the larger part, although expressed in terms of money, remains in its commodity form and as such allows for the realization of surplus-value as additional capital.

Rosa Luxemburg's theory was quite generally regarded as an aberration and an unjustified criticism of Marx. Yet her critics were just as far removed from Marx's position as was Rosa Luxemburg herself. Most of these critics adhered either to a crude underconsumption theory, a theory of disproportionality, or a combination of these. Lenin, for example--not to speak of the Revisionists--saw the cause for crises in the disproportionalities due to the anarchic character of capitalist production, and merely added to Tugan-Baranowsky's arguments that of the underconsumption of the workers. But in any case he did not believe that capitalism was bound to collapse because of its immanent contradictions. It was only with the first world war and the revolutionary upheavals in its wake that Rosa Luxemburg's theory found a wider response in the radical section of the socialist movement. Not so much, however, because of her particular analysis of capital accumulation, as because of her insistence upon the objective limits of capitalism. The imperialistic war gave her theory some plausibility and the end of capitalism seemed indeed actually at hand. The collapse of capitalism became the revolutionary ideology of the time and supported the abortive attempts to turn the political upheavals into social revolutions.

Of course, Rosa Luxemburg's theory was no less abstract than that of Marx. Marx's hypothesis of a tendency of the rate of profit to fall could not reveal at what particular point in time it would no longer be possible to compensate for this fall by an increasing exploitation of the relatively diminishing number of workers, which would increase the mass of surplus-value sufficiently to maintain a rate of profit assuring the further expansion of capital. Similarly, Rosa Luxemburg could not say at what time the completion of the capitalization of the world would exclude the realization of its surplus-value. The outward extension of capital was also only a tendency, implying a progressively more devastating imperialist competition for the diminishing territories in which surplus-value could be realized. The fact of imperialism showed the precariousness of the system, which could lead to revolutionary situations long before its objective limits were reached. For all practical purposes, then, both theories assumed the possibility of revolutionary actions, not because of the logical outcome of their abstract models of development, but because these theories pointed unmistakably to the increasing difficulties of the capitalist system, which could in any severe crisis transform the class struggle into a fight for the abolition of capitalism.

Although undoubtedly erroneous, Rosa Luxemburg's theory retained a revolutionary character because, like that of Marx, it led to the conclusion of the historical untenability of capitalism. Although with dubious arguments, she nonetheless restored--against Revisionism, Reformism, and Opportunism--the lost Marxian proposition that capitalism is doomed to disappear because of its own unbridgeable contradiction and that this end, though objectively determined, will be brought about by the revolutionary actions of the working class.

The overthrow of capitalism would make all theories of its development redundant. But while the system lasts, the realism of a theory may be judged by its own particular history. Whereas Marx's theory, despite attempts made in this direction, cannot be integrated into the body of bourgeois economic thought, Rosa Luxemburg's theory has found some recognition in bourgeois theory, albeit in a very distorted form. With the rejection by bourgeois economy itself of the conception of the market as an equilibrium mechanism, Rosa Luxemburg's theory found a kind of acceptance as a precursor of Keynesian economics. Her work has been interpreted, by Michael Kalecki[6] and Joan Robinson,[7] for example, as a theory of "effective demand," the lack of which presumably explains the recurrent capitalistic difficulties. Rosa Luxemburg imagined that imperialism, militarism, and preparation for war aided in the realization of surplus-value, via the transfer of purchasing power from the population at large to the hands of the state; just as modern Keynesianism attempted to reach full employment by way of deficit-financing and monetary manipulations. However, while it is no doubt possible, for a time, to achieve full employment in this fashion, it is not possible to maintain this state of bliss, as the laws of motion of capital production demand not a different distribution of the surplus-value but its constant increase. The lack of effective demand is only another term for the lack of accumulation, as the demand required for prosperous conditions is brought forth by nothing other than the expansion of capital. At any rate, the actual bankruptcy of Keynesianism makes it unnecessary to kill this theory theoretically. It suffices to say that its absurdity shows itself in the present-day unrelieved growth of both unemployment and inflation.

While Rosa Luxemburg did not fare well with her theory of accumulation, she was more successful in her consistent internationalism, which was, of course, connected with her concept of accumulation as the global extension of the capitalist mode of production. In her view, imperialist competition was rapidly transforming the world into a capitalist world and thereby developing the unhampered confrontation of labor and capital. Whereas the rise of the bourgeoisie coincided with the formation of the modern nation-state, creating the ideology of nationalism, the maturity and decline of capitalism implied the imperialistic "internationalism" of the bourgeoisie and therewith also the internationalism of the working classes, if they were to make their class struggles effective. The reformist integration of proletarian aspirations into the capitalist system led to social-imperialism, as the other side of the nationalistic coin. Objectively, there was nothing behind the frantically growing nationalism but the imperialist imperative. To oppose imperialism demanded, then a total rejection of all forms of nationalism, even that of the victims of imperialist aggression. Nationalism and imperialism were inseparable and had to fought with equal fervor.

In view of the at first covert but soon overt social-patriotism of the official labor movement, Rosa Luxemburg's internationalism represented the leftwing of this movement--but not completely. In a way, it was a generalization of her specific experiences in the Polish socialist movement, which had been split on the question of national self-determination. As we already know from her work on the industrial development in Poland, Rosa Luxemburg expected a full integration of the Russian and Polish capitalism and a consequent unification of their respective socialist organizations, both as a practical and as a principled matter. She could not conceive of nationally oriented socialist movements and even less of a nationally restricted socialism. What was true for Russia and Poland also held for the world at large; national fissions had to be ended in the unity of international socialism.

The Bolshevik section of the Russian Social-Democratic Party did not share Rosa Luxemburg's strict internationalism. For Lenin, the subjugation of nationalities by stronger capitalist countries brought additional cleavages into the basic social frictions, which could, perhaps, be turned against the dominating powers. It is quite beside the point, to consider whether Lenin's advocacy of the self-determination of nations reflected a subjective conviction, or democratic attitude, with regard to special national needs and cultural peculiarities, or was simply a revulsion against all forms of oppression. Lenin was, first of all, a practical politician, even though he could fulfill this role only at a late hour. As a practical politician, he realized that the different nationalities within the Russian empire presented a steady threat to the Czarist regime.

To be sure, Lenin was also an internationalist and saw the socialist revolution in terms of the world revolution. But this revolution had to begin somewhere and he assumed that it would first break the weakest link in the chain of competing imperialist powers. In the Russian context, supporting the self-determination of nations, up to the point of secession, suggested the winning of "allies" in any attempt to overthrow Czarism. This strategy was supported by the hope that, once free, the different nationalities would elect to remain within the new Russian commonwealth, either out of self-interest, or through the urgings of their own socialist organizations.

Until the Russian Revolution, however, this whole discussion around the national question remained purely academic. Even after the revolution, the granting of self-determination to the various nationalities within Russia was not very meaningful, for most of the territories involved were occupied by foreign powers. Still, the Bolshevik regime continued to press for self-determination in order to weaken other imperialist nations, particularly England, in an attempt to foster colonial revolutions against Western capitalism, which threatened to destroy the Bolshevik state.

The Russian Revolution found Rosa Luxemburg in a German prison, where she remained until the overthrow of the German monarchy. But she was able to follow the progress of the Russian Revolution. Though delighted by the Bolshevik seizure of power, she could not accept Lenin's policies towards the peasants and with respect to the national minorities. In both cases she worried needlessly. Although her prediction,

that the granting of self-determination to the various nationalities within Russia would merely surround the new state with a cordon of reactionary counter-revolutionary countries, turned out to be correct, this was so only for the short run. Rosa Luxemburg failed to see that it was the principle of self-determination which dictated Bolshevik policy with regard to the Russian nationalities, than the force of circumstances over which the Bolsheviks had no control. At the first opportunity they began whittling away at the self-determination of nations, to end by incorporating all the new independent nations in a restored Russian empire, and, in addition, by forging for themselves spheres of interest in extra-Russian territories.

On the strength of her own theory of nationalism and imperialism, Rosa Luxemburg should have realized that Lenin's theory could not be actualized in a world of competing imperialist powers and would, most probably, not need to be put into practice should capitalism be brought down by an international revolution. The disintegration of the Russian empire was not due to or aided by the principle of self-determination, but was effected through the loss of the war; as it was the winning of another war, which led to the recovery of previously lost territory and to a revival of Russian imperialism. Capitalism is an expansive system and therefore necessarily imperialistic. It is the capitalistic way of overcoming national limitations to capital production and its centralization--of gaining, or securing, privileged or dominating positions within the world economy. It is thus also a defense against this general trend; but in all cases, it is the inescapable result of capital accumulation.

As Rosa Luxemburg pointed out, the contradictory capitalist "integration" of the world economy cannot alter the domination of weaker by stronger nations through the latter's control of the world market. This situation makes real national independence illusory. What political independence can accomplish, at best, is no more than the subjugation of the workers under native instead of international control. Of course, proletarian internationalism cannot prevent, nor has it reason to prevent, movements for national self-determination within the colonial and imperialistic context. These movements are part of capitalist society just as imperialism is. But to "utilize" these movements for socialism can only mean to try to deprive them of their nationalist character through a consistent internationalism on the part of the socialist movement. Although oppressed people have the sympathy of the socialists, it does not relate to their emergent nationalism but to their particular plight as twice-oppressed people, suffering from both native and foreign exploitation. The socialist task is the ending of capitalism, which includes the support of anti-imperialist forces; not, however, to create new capitalistic nation-states, but to make their emergence more difficult, or impossible, through proletarian revolutions in the advanced capitalist countries.

The Bolshevik regime declared itself socialistic and by that token was to end all discrimination of national minorities. Under such conditions, national self-determination was, in Rosa Luxemburg's eyes, not only senseless but an invitation to revive, via the ideology of nationalism, the conditions for a capitalist restoration. In her view, Lenin and Trotsky mistakenly sacrificed the principle of internationalism for momentary tactical advantage. While perhaps unavoidable, it should not be elevated into a socialist virtue. Rosa Luxemburg was right, of course, in not questioning the Bolshevik's subjective sincerity as regards the establishment of socialism in Russia and the furthering of the world revolution. She herself thought it possible, by way of a westward extension of the revolution, to defy the objective unripeness of Russia for a socialist transformation. She blamed the West European socialists, and in particular the Germans, for the difficulties the Bolsheviks encountered, which forced them into concessions, compromises, and opportunist actions. And she assumed that the internationalization of the revolution would do away with Lenin's nationalistic demands and resurrect the principle of internationalism in the revolutionary movement.

As the world revolution did not materialize, the nation-state remained the field of operation for economic development as well as for the class struggle. The "internationalism" of the Third International, under Russian dominance, served strictly Russian state interests, covered up by the idea that the defense of the first socialist state was a prerequisite for international socialism. Like national self-determination, this type of "internationalism" was designed to weaken the adversaries of the new Russian state. After 1920, however, the Bolsheviks no longer expected a resumption of the world-revolutionary process, and settled down for the consolidation of their own regime. Their "internationalism" expressed now their own nationalism, just as the economic internationalism of the bourgeoisie serves no other end than the enrichment of nationally-organized capital entities.

The result of the second world war and its aftermath ended the colonialism of the European powers and led to the formation of numerous "independent" nations; while, at the same time, two great power blocs emerged, dominated by the victorious nations Russia and the United States. Within each bloc there was no real national independence but rather the subordination of the nominally self-determined countries to the imperialistic requirements of the leading powers. This subordination was enforced by both economic and political means and by the general necessity to adapt the economies and therewith the political life of the satellite nations to the realities of the capitalist world market.

For the former colonies this implied a new form of subjugation and dependence, which found its expression in the term neo-colonialism; for the reborn, capitalistically more-advanced nations it implied the direct control of their political structure through the proven methods of military occupation and puppet governments. This situation led, of course, to new "liberation movements," not only in the capitalist but also in the so-called socialist camp, providing the proof that there is no such thing as national self-determination, either in the market-controlled or the state-controlled economies.

That nationalism is really a vehicle upholding the ruling class was soon made evident in all "liberated nations," as it provided political parvenus with an instrument for their own emergence as new ruling classes, in collaboration with the ruling classes of the dominating countries. Whether these new ruling classes adhere to the "free world" or to the authoritarian part of the world, in either case the national form, on which their rule is based, precludes any step towards a socialist society. Wherever possible, their nationalism implies a fervent, even if miniature, imperialism, which sets "socialist nations" against other nations, including other "socialist nations." Thus we have the sorry spectacle of a threatening war between the great "socialist countries" Russia and China, and, on a smaller scale, the open warfare between "Marxist" Ethiopia and "Marxist" Somalia for the control of Ogaden.

With some variations, this story can be prolonged almost endlessely, characterizing the present state of world politics, in which small nations act as proxies for the great imperialist powers, or fight on their own behalf, only to fall victim to one or another power bloc. All this substantiates Rosa Luxemburg's contention that all forms of nationalism are detrimental to socialism and that only a consistent internationalism can aid the emancipation of the working class. This unwavering internationalism is one of her greatest contributions to revolutionary theory and practice and sets her far apart from both the social-imperialism of Social Democracy and the Bolshevik opportunist concept of world revolution as advocated by its great "statesman" Lenin.

Like Lenin, Rosa Luxemburg looked upon the October Revolution as a proletarian revolution which, however, depended fully upon international events. At the time this view was shared by all revolutionaries whether Marxist or not. After all, as she said, by seizing power the Bolsheviks had "for the first time proclaimed the final aim of socialism as the direct program of practical policies."[8] They had solved the "famous problem of winning a majority of the people, by revolutionary tactics that led to a majority, instead of waiting for the latter to evolve a revolutionary tactic."[9] In her view, Lenin's party had grasped the true interests of the urban masses by demanding all power for the soviets in order to secure the revolution. Still, the agrarian question was the axis of the revolution and here the Bolsheviks showed themselves as opportunistic in their policies as with regard to the national minorities.

In pre-revolutionary Russia the Bolsheviks had shared with Rosa Luxemburg the Marxist position that the land must be nationalized as a prerequisite for the organiztion of large-scale agricultural production in conformity with the socialization of industry. In order to gain the support of the peasants, Lenin abandoned the Marxist agricultural program in favor of that of the Social-Revolutionaries--the heirs of the old Populist movement. Although Rosa Luxemburg recognized this turnabout as an "excellent tactic," for her it had nothing to do with the quest for socialism. Property rights must be turned over to the nation, or the state, for only then is it possible to organize agricultural production on a socialistic base. The Bolshevik slogan "immediate seizure and distribution of the land by the peasants" was not a socialist measure, but one which, by creating a new form of private property, cut off the way to such measures. "The Leninist agrarian reform," she wrote, "has created a new and powerful layer of popular enemies of socialism in the countryside, enemies whose resistance will be much more dangerous and stubborn than that of the noble large landowners."[10]

This proved to be a fact, hampering both the restoration of the Russian economy and the socialization of industry. But, as in the case of national self-determination, here too the situation was determined not by the Bolsheviks' policy but by circumstances beyond their control. The Bolsheviks were prisoners of the peasant movement; they could not hold power except with its passive support, and they could not proceed towards socialism because of the peasants. Moreover, their sly opportunism did not initiate the peasants' seizure of the land, but merely ratified an accomplished fact, independent of their own attitude. While other parties hesitated to legalize the expropriation of land, the Bolsheviks favored it, in order to win the support of the peasants and thus to consolidate the power they had won by a coup d'etat in the urban centers. They hoped to maintain this support by a policy of low taxation, while the peasants required a government which would prevent a return of the landlords by way of counter-revolution.

As far as the peasants were concerned, the revolution involved the extension of property rights and was, in this sense, a bourgeois revolution. It could only lead to a market-economy and the enhanced capitalization of Russia. For the industrial workers, as for Lenin and Luxemburg, it was a proletarian revolution even at this early stage of capitalist development. But as the industrial working class formed only a minuscule part of the population, it seemed clear that sooner or later the bourgeois element within the revolution would gain the upper hand. Bolshevik state-power could only be held by arbitrating between these contrary interests; but success in this endeavor would negate both

the socialist and the bourgeois aspirations within the revolution.

This was a situation not foreseen by the Marxist movement and not predictable in terms of Marxian theory, which held that the proletarian revolution presupposes a high capitalistic development in which the working class finds itself in the majority and thus able to determine the course of events. While Lenin was not interested in a bourgeois revolution, except as a preliminary to a socialist revolution, he was a bourgeois in that he was convinced that it was possible to change society by purely political means, that is, by the will of a political party. This idealistic reversal of Marxism, with consciousness determining the material development instead of being produced by it, implied in practice no more than a copying of the Czarist regime itself, in which the autocracy had ruled over the whole of society. In fact, Lenin insisted that if the Czar could govern Russia with the aid of a bureaucracy of a few hundred thousand men, the Bolsheviks should be able to do likewise and better with a Party exceeding this number. In any case, once in power the Bolsheviks had no choice but to try to maintain it in order to defend their sheer existence. In the course of time there emerged a state apparatus which took upon itself the authoritarian control not only of the population but also of economic development, by turning private property into state property without changing the social relations of production--that is, by maintaining the capital-labor relations that allow for the exploitation of the working class. This new type of capitalism--properly called state-capitalism--persists to the present day in the ideological dress of "socialism."

In 1918, Rosa Luxemburg could not envision this development, as it lay outside of all Marxist assumptions. For her, the Bolsheviks were making various mistakes, which might endanger their socialist goal. And if these mistakes were unavoidable within the context of the isolated Russian Revolution, they should not be generalized into a revolutionary tactic for times to come and for all nations to follow. However helplessly, she opposed the Russian reality with Marxian principles, so as at least to save the Marxian theory. But it was all in vain, for it turned out that private-party capitalism is not necessarily followed by a socialist regime, but could be transformed into a state-controlled capitalism, wherein the old bourgeoisie was replaced by a new ruling class, whose power is based on its collective control of the state and the means of production. She knew as little as Lenin how to go about building a socialist society, but while the latter proceded pragmatically from the experiences of wartime state-controls of capitalist nations and envisioned socialism as the state-monopoly over all economic activity, Rosa Luxemburg persisted in proclaiming that such a state of affairs could not emancipate the working class. She could not imagine that the emerging Bolshevik society represented a historically new social formation, but saw in it no more than a false application of socialist principles. And thus she feared a possible restoration of capitalism by way of the agrarian reforms of Bolshevism.

As it turned out, the agrarian question agitated the Bolshevik state unceasingly, finally leading to the compulsory collectivization of the peasantry as an in-between solution between private-property relations on the land and the nationalization of agriculture. This was no real repudiation of Lenin's peasant policies, which had been based on necessity, not on conviction. Except on paper, Lenin simply did not dare to nationalize the land, and Stalin did not dare more than the forced collectivization of the peasants, in order to increase their production and exploitation, without depriving them of all private initiative. Even so, this was a frightful undertaking which almost destroyed the Bolshevik regime. If Rosa Luxemburg was right against Lenin with respect to the peasant question, her arguments were nonetheless beside the point, for it was just a question of time, and of the strength of the state apparatus before the peasants would lose their newly-won relative independence and fall once more under the control of an authoritarian regime.

It should have been evident from Lenin's concept of the party and its role in the revolutionary process that, once in power, this party could only function in a dictatorial way. Quite apart from the specific Russian conditions, the idea of the party as the consciousness of the socialist revolution clearly relegated all decision-making power into the hands of the Bolshevik state apparatus. This general assumption found an even sharper accentuation in the Russian Revolution, divided, as it was, in its bourgeois and proletarian aspirations. If the proletariat was not able, according to Lenin, to develop more than a trade-union consciousness (that is, to fight for its interests within the capitalist system) it would certainly be even more unable to realize socialism, which presupposes an ideological break with all its previous experience. Echoing Karl Kautsky, Lenin was convinced that socialist consciousness had to be brought to the proletariat from the outside, through the knowledge of the educated middle class. The party was the organization of the socialist intelligentsia, representing revolutionary consciousness <u>for</u> the proletariat, even though it might also include a sprinkling of intelligent workers in its ranks. It was necessary that these specialists in revolutionary politics become the masters of the socialist state, if only to prevent the defeat of the working class through its own ignorance. And as the party was to lead the proletariat, so the leadership of the party was to lead its members by way of a semi-militaristic centralization.

It was this arrogant attitude of Lenin, pressed upon <u>his</u> party, which made Rosa Luxemburg quite wary about the possible outcome of the Bolsheviks' seizure of power. Already in 1904 she had attacked the Bolshevik party concept for both its artificial separation of a revolutionary vanguard from the mass of the workers and for its ultra-centralization in general, as well as in party affairs in particular. "Nothing will more surely enslave a young labor movement to an intellectual elite hungry for power," she wrote, "than this bureaucratic strait-jacket, which will immobilize the movement and turn it into an automaton manipulated by a Central Committee."[11] By denying the revolutionary character of Lenin's party concept, Rosa Luxemburg prefigured the actual course of Bolshevik rule down to the present day. To be sure, her indictment of Lenin's organizational ideas was based on their confrontation with the organizational structure of the German Social Democratic Party, which, though also highly centralized, aspired to a broad mass basis for its evolutionary work. This party did not think in terms of seizing power, but was satisfied with its electoral successes and the spreading of the socialist ideology as a basis for its growth. In any case, Rosa Luxemburg did not believe that any type of party could bring about a socialist revolution. The party could only be an aid to revolution, which remained the privilege and required the activities of the whole working class. She did not see the socialist party as an independent organizer of the proletariat, but as part of it, with no functions or interests differing from those of the working class.

With this conviction, Rosa Luxemburg was only true to herself and to Marxism when she raised her voice against the dictatorial policies of the Bolshevik party. Although this party reached its dominating position via the demagogic demand for the sole rule of the soviets, it had no intention of delegating any power to the soviets, except, perhaps, where they were composed of Bolsheviks. It is true that the Bolsheviks in Petrograd and a few other cities held a majority of the soviets, but this situation might change again and return the party to the minority position it had held during the first months after the February Revolution. The Bolsheviks did not look upon the soviets as organs of an emerging socialist society, but saw in them no more than a vehicle for the formation of a Bolshevik government. Already in 1905, which saw the first rise of the soviets, Lenin recognized their revolutionary potential, which, however, gave him only one more reason to strengthen his own party and prepare it for the reins of government. To Lenin, the latent revolutionary power of the soviet form of organization did not change its <u>spontaneous</u> nature, which implied the danger of the dissipation of this power in fruitless activities. Although a part of social reality, spontaneous movements could, in Lenin's view, at best support but never supplant a goal-directed party. In October 1917, the question for the Bolsheviks was not one of choosing between soviet- and party-rule, but between the latter and the Constituent Assembly. As there was no chance of winning a majority in the Assembly and thus gaining the government, it was necessary to dispense with it, so as to realize the party dictatorship in the name of the proletariat.

Although Rosa Luxemburg held that in one fashion or another the whole mass of people must take part in the construction of socialism, she

did not recognize the soviets as typifying the organizational form which would make this possible. Impressed as she was in 1905 by the great mass-strikes taking place in Russia, she paid little attention to their soviet form of organization. In her eyes, the soviets were merely strike committees in the absence of other more permanent labor organizations. Even after the 1917 Revolution she felt that "the practical realization of socialism as an economic, social and juridical system is something which lies completely hidden in the mists of the future."[12] Only the general direction in which to move was known, not the detailed concrete steps that had to be taken to consolidate and develop the new society. Socialism could not be derived from ready-made plans and realized by governmental decree. There must be the widest participation on the part of the workers, that is, a real democracy, and it was precisely this democracy which alone could be designated as the dictatorship of the proletariat. A party-dictatorship was for her no more than "a dictatorship in the bourgeois sense, in the sense of the rule of the Jacobins."[13]

All this is undoubtedly true, on the general level, but the bourgeois character of Bolshevik rule reflected--ideologically as well as practically--the objectively non-socialistic nature of this particular revolution, which simply could not proceed from the quasi-feudal conditions of Czarism to a socialist society. It was a sort of "bourgeois revolution" without the bourgeoisie, as it was a proletarian revolution without a sufficiently large proletariat: a revolution in which the historical functions of the bourgeoisie were taken up by an apparently anti-bourgeois party by means of its assumption of political power. Under these conditions, the revolutionary content of Western Marxism was not applicable, not even in a modified form. This may explain the vacuity of Rosa Luxemburg's arguments against the Bolsheviks, her complaints about their disrespect for the Constituent Assembly and their terroristic acts against all opposition whether from the right or the left. Her own suggestions as how to go about with the building of socialism, however correct and praiseworthy, would not fit in with a Constituent Assembly, which is itself a bourgeois institution. Her tolerance towards all points of view and their wishes to express themselves in order to influence the course of events, cannot be realized under civil-war conditions. The construction of socialism cannot be left to a leisurely trial-and-error method by which the future may be discerned in the "mists" of the present, but is dictated by current necessities that call for definite actions.

Rosa Luxemburg's lack of realism with regard to Bolshevism and the Russian Revolution may be traced to ambiguities of her own. On the one hand she was a social democrat and on the other a revolutionary, at a time when both positions had fallen apart. She looked upon Russia with social-democratic eyes and upon Social Democracy with revolutionary eyes; what she desired was a revolutionary-Social Democracy. Already in her famous debate with Eduard Bernstein,[14] she refused to choose between reform and revolution but endeavored to combine both activities in dialectical fashion in one and the same policy. In her view, it was possible to wage the class struggle in both the parliament and in the streets, not only through the party and the trade-unions but with the unorganized as well. The legal foothold gained within bourgeois democracy was to be secured by the direct actions of the masses in their everyday wage struggles. It was the masses' actions, however, which were most important, as they increased the masses' awareness of their class position and thereby their revolutionary consciousness. The direct struggle of the workers against the capitalists was the real "school of socialism." In the spreading of mass-strikes, in which the workers acted as a class, she saw the necessary precondition for the coming revolution, which would topple the bourgeoisie and install governments supported and controlled by the mature class-conscious proletariat.[15]

Until the outbreak of the first world war, Rosa Luxemburg did not fully comprehend the true nature of Social Democracy. There was a right wing, a center, and a left wing, Liebknecht and Luxemburg representing the latter. There was an ideological struggle between these tendencies, tolerated by the party bureaucracy because it remained purely ideological. The practice of the party was reformist and opportunistic, untouched by the left-wing rhetoric, if not indirectly aided by it. But there was the illusion that the party could be changed and restored to the revolutionary character of its origins. Suggestions to split the party were rejected by Rosa Luxemburg, who feared to lose contact with the bulk of the socialist workers. Her confidence in these workers was not affected by her lack of confidence in their leaders. She was thus more than surprised that the social-chauvinism displayed in 1914 united leaders and led against the party's left. Even so, she was not ready to leave the party until its split in 1917 on the issue of war aims, which led to the formation of the Independent Socialist Party (USPD), in which the Spartacus League, composed of a circle of people around Liebknecht, Luxemburg, Mehring, and Jogiches, formed a small faction. In so far as this faction engaged in independent activities, these were a matter of propaganda against the war and the class-collaborationist policies of the old party. Only near the end of 1918 did Rosa Luxemburg recognize the need for a new revolutionary party and a new International.

The German Revolution of 1918 was not the product of any left-wing organization, though members of all organizations played various parts in it. It was a strictly political upheaval to end the war and to remove the monarchy held responsible for it. It occurred as a consequence of the German military defeat and was not seriously opposed by the bourgeoisie and the military, for it allowed them to place the onus of the defeat upon the socialist move-

ment. This revolution brought Social Democracy into the government, which then proceeded to ally itself with the military, in order to crush any attempt to turn the political into a social revolution. Still under the sway of tradition and the old reformist ideology, the majority of the spontaneously-arising workers' and soldiers' councils supported the social-democratic government and declared their readiness to abdicate in favor of a National Assembly within the frame of bourgeois democracy. This revolution, it has been aptly said, "was a Social Democratic revolution, suppressed by the Social Democratic leaders: a process hardly paralleled in the history of the world."[16] There was also a revolutionary minority, to be sure, advocating and fighting for the formation of a social system of workers' councils as a permanent institution; but this was soon systematically subdued by the military forces arrayed against it. To organize this revolutionary minority for sustained actions, the Spartacus League, in collaboration with other revolutionary groups, transformed itself into the Communist Party of Germany. Its program was written by Rosa Luxemburg.

Already at its founding congress, it became clear that the new party was internally split. Even at this late hour Rosa Luxemburg was not able to break totally with social-democratic traditions. Although she declared that the time for a minimum program short of socialism had passed, she still adhered to the politics of the double perspective, that is, to the view that the uncertainty of an early proletarian revolution demanded the consideration of policies defined within the given social institutions and organizations. In practice this meant participation in the National Assembly and in trade unions. However, the majority of the congress voted in favor of anti-parliamentarism and for a struggle against the trade unions. Although reluctantly, Rosa Luxemburg bowed to this decision and wrote and acted in its spirit. As she was murdered only two weeks later, it is not possible to say whether or not she would have stuck to this position. In any case, encouraged by Lenin, via his emmissary Radek, her disciples soon split the new party and merged its parliamentary section with a part of the Independent Socialists to form a "truly Bolshevik Party;" this time, however, as a mass-organization in the social-democratic sense, competing with the old Social Democratic Party for the allegiance of the workers, in order to forge an instrument for the defense of Bolshevik Russia.

But all this is history. The failed revolutions in Central Europe, and the state-capitalistic development in Russia, overcame the political crisis of capitalism that followed the first world war. Its economic difficulties were not so overcome, and led to a new world-wide crisis and the second world war. Because the ruling classes--old and new--remembered the revolutionary repercussions in the wake of the first world war, they defeated their possible recurrence in advance by the direct means of military occupation. The enormous destruction of capital and its further centralization by way of war, as well as the raising of the productivity of labor, allowed for a great upswing of capital production after the second war. This implied an almost total eclipse of revolutionary aspirations, save those of a strictly nationalist and state-capitalist character.

This effect was strengthened by the development of the "mixed economy," nationally as well as internationally, wherein governments influenced economic activities. Like all things of the past, Marxism became an academic discipline--an indication of its decline as a theory of social change. Social Democracy ceased to see itself as a working class organization, but rather as a people's party, ready to fulfill governmental functions for capitalist society. Communist organizations took over the classic role of Social Democracy--and also its readiness to form, or to partake in, governments upholding the capitalist system. The labor movement--divided into Bolshevism and Social Democracy, which had been Rosa Luxemburg's concern--ceased to exist.

Still, capitalism remains susceptible to crises and collapse. In view of present methods of destruction, it may destroy itself in another conflagration. But it may also be overcome by way of class struggles leading to its socialist transformation. The alternative enunciated by Rosa Luxemburg--socialism or barbarism--retains its validity. The current state of the labor movement, which lacks any revolutionary inclinations, makes it clear that a socialist future depends more on spontaneous actions of the working class as a whole, than on ideological anticipations of such a future which may find expression in newly-arising revolutionary organizations. In this situation, there is not much to be learned from previous experiences, except the negative lesson that neither Social Democracy nor Bolshevism had any bearing on the problems of the proletarian revolution. By opposing both, however, inconsistently, Rosa Luxemburg opened up another road towards the socialist revolution. Despite some false notions with respect to theory and some illusions regarding socialist practice, her revolutionay impulse yielded the essential elements required for a socialist revolution: an unwavering internationalism and the principle of the self-determination of the working class within its organizations and within society. By taking seriously the dictum that the emancipation of the proletariat can only be its own work, she bridged the revolutionary past with the revolutionary future. Her ideas thus remain as alive as the idea of revolution itself, while all her adversaries in the old labor movement have become part and parcel of the decaying capitalist society.

Paul Mattick

FOOTNOTES

[1]For biographical information, see John P. Nettl, Rosa Luxemburg, 2 vols. (London: Oxford University Press, 1966).

[2]Eduard Bernstein, Die Vorraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie, translated as Evolutionary Socialism (1899; NY: Schocken, 1961)

[3]Mikhail I. Tugan-Baranowsky, Die Theoretischen Grundlagen des Marxismus [The Theoretical Foundations of Marxism] (Leipzig: Duncker and Humblot, 1905).

[4]Karl Marx, Capital, vol. 2, The Process of Circulation of Capital (1885; Chicago: Charles Kerr, 1926), p. 532.

[5]Ibid., p. 578.

[6]Michael Kalecki, "The Problem of Effective Demand with Tugan-Baranowsky and Rosa Luxemburg."

[7]Joan Robinson, Introduction to Rosa Luxemburg, The Accumulation of Capital (1913; London: Routledge and Kegan Paul, 1951).

[8]Luxemburg, The Russian Revolution (1922), in The Russian Revolution and Leninism or Marxism? (Ann Arbor: University of Michigan Press, 1961), p. 39.

[9]Ibid.

[10]Ibid.

[11]Luxemburg, "Organizational Questions of Russian Social Democracy" (1904), Ibid., p. 102.

[12]Luxemburg, The Russian Revolution, Ibid., p. 69.

[13]Ibid., p. 72

[14]Luxemburg, Social Reform or Revolution (1899; NY: Pathfinder, 1973).

[15]Luxemburg, The Mass Strike, the Political Party, and the Trade Unions (1906; NY: Harper and Row, 1971).

[16]Sebastian Haffner, Failure of a Revolution (NY: Library Press, 1972), p. 12.

BOOK REVIEW:

GUY ROUTH, THE ORIGIN OF ECONOMIC IDEAS, N.Y.: VINTAGE BOOKS, 1975

In writing this book Guy Routh has done a service to those who feel they ought to study economics but never got around to it, and to those who have looked into the dismal science, only to find it stupefyingly confusing and unilluminating. It is the desire to find out how the world works--or at least that part of it dominated by economic principles--which leads people to economics; what is so bewildering is not so much the technical apparatus of the field as its apparent irrelevance to any understanding of reality. Routh demonstrates that this is not an appearance: it's not the student's fault, but that of the "science." Clearly and entertainingly written, The Origin of Economic Ideas continues and develops the charge brought against economics in 1818 by Sismondi, who warned humanity to "be on guard against all generalization of ideas that causes us to lose sight of the facts, and above all against the error of identifying the public good with wealth, abstracted from the sufferings of the human beings who created it."

The title of the book is misleading, for Routh tells the whole history of economics, from the 17th century to the present day. He situates this history in its context of the development of capitalist society, which helps both to explain why the theory developed as it did and to demonstrate its irrelevance to understanding reality. Routh's indictment of economics falls under two main headings: the use of a method based on over-abstraction from the complexities of real life, and a content determined by apologetic rather than scientific ends. Throughout its history, Routh claims, from its origins in Petty (1623-87) through classical economics, the marginal revolution of the nineteenth century, and the Keynesian-neo-classical synthesis of the present day--the method of economics has been the deduction of consequences from highly abstract a priori principles. This method, and these principles cannot be defended on scientific grounds.

> It is, after all, highly implausible that the whole sweaty, hardworking, money-grubbing capitalist world would have revealed its secrets to anyone sitting snugly in his study with no more equipment than a few preconceived axioms. And equally implausible that, if we were viewing that world for the first time we should exclaim, What a miracle! There must surely be an invisible hand manipulating demand, supply and price to achieve the optimum allocation of resources for the maximization of profits and utility!" (p.297)

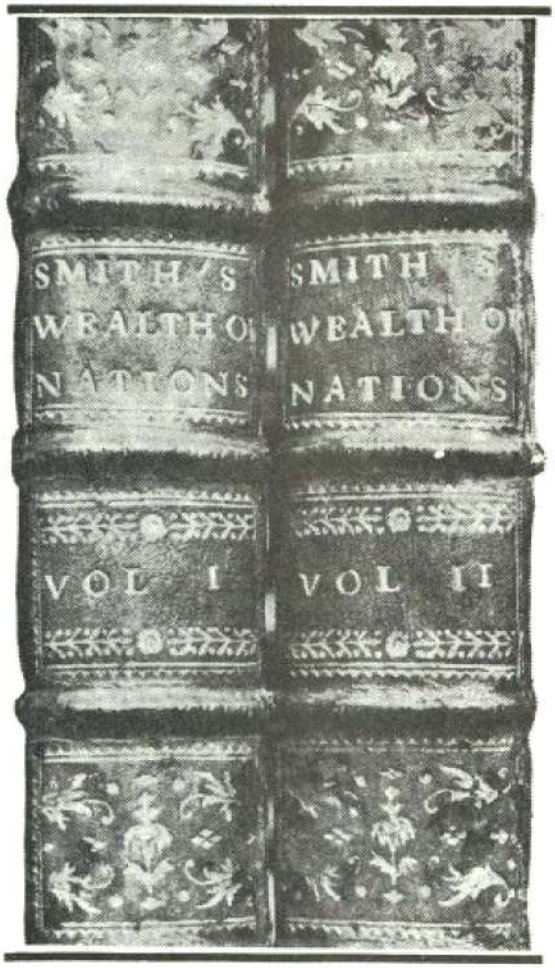
In order to maintain this vision, in which the capitalist economy, if only left alone, will automatically regulate production and income in such a way that the self-interest of each promotes the good of all, elements of experience conflicting with it had to be ignored. Both Adam Smith, in the eighteenth century, and Keynes, in our day, included in their studies material which contradicted their own theoretical pronouncements. What is typical of economics is that only the latter lived on in the tradition of the "science."

A very interesting feature of Routh's book, not shared by most other histories of economics, is its treatment of nineteenth-century popularizers. Translating theoretical formulations into moralistic tales, they make unmistakeably clear the ideological content of the abstractions of the time. This content is admirably summed up in "The Rich and the Poor. A Fairy Tale" by Mrs. Marcet, who was praised by J.B Say as "the only woman who had written on Political Economy and shown herself superior even to men." Her exemplary tale leads inescapably to the conclusion "that the comforts of the poor are derived from the riches of the rich."

The discussion of neo-classical economics is particularly well done. Routh begins by inquiring why the idea of the determination of value by marginal utility gained popularity when it did, and answers by agreeing with Marx's proposition that it was the need to abandon the radical implications of the labor theory of value. He then explains how the combination of utilitarian psychology with the differential calculus enabled economists to prove that the market, if left to itself, operates so as to maximize consumer satisfaction. With this conceptual apparatus, Jevons (1835-1882) could prove the absurdity of the very idea of a "general glut" (i.e., depression) and Clark (1847-1938) could show that wages and interest measure exactly the contributions made to society by workers and by capitalists: as he put it, "we are to get what we produce--such is the dominant rule of life."

But no sooner had Walras (1834-1910), with his theory of general equilibrium, turned

economics into a heavily mathematicized "exact science," than the basic concepts and assumptions of marginalism began to disintegrate. The idea of "utility" as a psychological datum explaining market behavior gave way to the "preferences" revealed in the market. The crucial principle of diminishing returns had to be given up. In the 1930's, Chamberlin and Joan Robinson discovered (!) that the pure competition on which the theory rested did not exist. In the face of this discovery, however, the economic "tool-box" of ideas was not abandoned; instead, "the apparatus of marginal analysis . . . was made to blossom with diagrams." The neo-classical model was preserved--at a certain cost. It had been supposed to constitute an exact, predictive science, like physics; its relations were deterministic and maximizing. The spirit of the science as reformed, however, is that of Joan Robinson's conclusion, in one context, that "as the amount demanded increases, the supply price may rise, remain constant, or fall." But such results are of little moment to the economics professors--and, as Routh says, economics is predominantly a teaching order. They have after all only increased their stock "of theorems that lend themselves admirably to teaching and examination. So, as with utility and revealed preference, the modern textbooks blandly incorporate both the discredited theory



of perfect competitive equilibrium and the theory of monopolistic competition that had been designed expressly to supersede it." (pp. 256-7)

The Great Depression swept away the marginalists' equilibrium dreamworld. (Routh gives wonderful examples of the economists' responses to the reality that disproved their theories, ranging from claims that it wasn't really happening to the thought that all would be well if the workers would only eat less.) Enter Keynes, supposedly to create a new, realistic theory, on which an effective anti-crisis policy could be built. Routh shows, however, that Keynes' theory exhibits the same divergence between theory and facts as those of other economists, as he takes us on a brief tour of its faulty logic, dubious assumptions, self-contradictions, and factual errors. Aside from details, Keynes' theory fails because it is an attempt to save the neo-classical theory of the economy as an equilibrating mechanism.

How then, as Routh asks, could Keynesianism have succeeded in "saving capitalism," as it has claimed to have done? As a matter of fact, the "Keynesian" methods were set to work by the New Deal and the Hitler regime long before the General Theory was published. Keynes merely developed the economic ideology into a form which could account for what was happening in the world with a minimum of basic changes. The final proof of the scientific irrelevance of Keynesian theory, as Routh says, is the state of affairs in academia, in the curriculum where Keynesianism "coexists happily with the fallacies it purported to refute." (p. 293)

Routh's history, as I have hoped to communicate, is convincing as well as informative. He gives the original texts enough space to more than justify his condemnation of them as delusionary and apologetic. As he says, his book comes at a time when the economists' failure to control or even explain the turbulence of the world economy has produced a crisis in theory; in the tradition of Sismondi, Cliff Leslie, W.C. Mitchell, and other critics of economic orthodoxy, Routh offers the outlines of a new way of thinking about the economy.

His recommendations, however, are disappointing. First of all, he suggests looking at the economy not as an "optimising," well-ordered system, but as one in which "almost anything can happen." (p. 302) Economic decisions are made--by sellers, buyers, investors, etc.--not on the basis of rational knowledge, but on hunches, feelings of confidence or the lack thereof, especially on guesses as to what others will do. It is such self-fulfilling prophecies, Routh suggests, which explain the cyclical character of economic life.

Secondly, offsetting this, there are stabilizing influences at work, due chiefly to "non-economic" institutions: custom, morality, law. There are "socio-psychological drives"

such as the desire for power, as well as "ideas of what is right and proper" (p. 308) which, for instance, Routh thinks are responsible for setting and maintaining wage rates (!). Finally, the economy as a whole is to be visualized not as a system dominated by some great principle (such as optimization or profitability) but as a congeries of systems and institutions, each with heterogeneous constituents and flexible modes of interaction. Particular corporations, for example, have their own characteristics, and must be studied as such if the economy as a whole is to be understood.

The most striking feature of Routh's "alternative paradigm" for economics is the way in which it maintains, under yet another disguise, basic features of the economic ideology he so well criticizes in the bulk of his book. Despite his picture of the system as involving "different forms of behavior at different times," he views capitalism in a fundamentally ahistorical, non-developmental way. Some basics are permanent: "the herd characteristics of consumers and producers" (p.310) which act as "protective devices and stabilizing influences" (p.302) holding the system on its course. There is no discussion of the fact that these "herd characteristics," however rooted in "socio-psychological drives," have reference to historically particular structures of social relationship: in particular to the relation of capital and wage-labor, which forms a basis for all the others. Custom, competitiveness, and morality all define themselves in reference to these relations which set the possibilities of social action. It is striking that these givens make no appearance in Routh's "alternative." Instead we have only the usual list of "economic structures," such as "the market," plus the "non-economic" ones of the sociologists--all of them treated as givens, not in need of further analysis. The question of the nature of the system, in contrast to other systems before it (and possibly after it) is not raised; a fortiori it is not asked whether this system is changing over time and if so in what direction. Historical change can be due only to "sociological" or "political" factors outside "the economy." The "economy" per se is permanent; though its tendency is to disequilibrium, the business cycle itself is "in fact a formula for survival. If [the system] is to be changed, it is no use waiting for it to collapse by its own irrevocable inner laws; whatever changes take place will have to be by design." (p. 310) So, after all, there is an Invisible Hand. Only it doesn't work as the economists have thought, cleanly, efficiently, guided by rational motives. Instead it is through custom, morality, and individual quirks moderated by "herd" behavior that the market system is maintained, in principle forever.

As Routh joins the economic tradition in proclaiming the essential stability of the system, he echoes it also in ignoring the one articulated challenge to that tradition, Karl Marx's critique of political economy. One curious feature of Routh's book is that, while it cites Marx extensively as an ally in the attack on orthodoxy, it leaves the theory of Capital--seemingly a logical place to look for an alternative approach--entirely undiscussed. We are told that the marginalists, by believing in the self-determining quality of economic variables, "had a great deal more in common with Marx than either they or he would have cared to admit," (p. 262); but though further discussion of this point is promised for the last chapter of the book, it is not forthcoming.

Routh's comparison of Marx and the marginalists is quite mistaken. For the latter, economic variables (the prices and quantities of goods) form a mutually determining system, which can be formulated in terms of a "general equilibrium" of supply and demand. For Marx, however, "economic variables" are not determined at all in this sense, but are subject to pressures exercised by general characteristics of the system as a system of class exploitation. It is not the interaction of economic variables but the need of capitalists to accumulate capital through the extraction of surplus value which determines, in Marx's theory, not the ephemeral states of the system, but its long-term trend.

Here again, Routh follows economic orthodoxy in treating Marx as an economist, albeit an underworld one. But this is an error. What it means to say that Marx was not an economist will be clearer if we take a quick look at a matter of detail, the Ricardian labor theory of value. Routh believes that this theory is weakened by the fact that there is no objective measure of skill and intensity of work, as there is for sheer labor-time. Therefore, the idea of labor-content, which is supposed to regulate exchange values, is indeterminate and imprecise, and "it is to sociology rather than to economics that we must turn to explore these mysteries." (p.121) To begin with, it does not follow from the fact that labor-content cannot be measured that the concept is indeterminate or imprecise, or that commodities cannot be said to contain definite (though unmeasurable) quantities of labor. As Marx pointed out, exactly this is the characteristic of labor as value, that social labor, since it is embodied in privately owned commodities, cannot be the subject of calculation except as represented in the prices established by the market. For this reason the (abstract) labor-content of commodities is not measurable at all, even aside from the problems of skill and intensity. The labor theory of value is not so much an explanation of value in terms of labor, as an expression in theoretical terms of the fact that in capitalism human productive activity is represented, organized, and controlled via the market.

Thus Marx--and this is the most important point--takes neither the category of labor nor that of value as "natural," but treats both as the products of a particular society, as cultural forms, in the anthropological sense of "culture," for the organization of social life. For

Routh, the content of classical economics, and so of the whole tradition which followed on it, is almost an historical accident: it happened to start with Petty, but "if it had been someone else with different ideas, it would have been different." (p. 295) But for Marx, classical theory, in contrast with the "vulgar" systems that followed it, was of real scientific value because it laid bare, in the form of the economic categories, some basic characteristics of capitalism as a social system. It is no accident that only in capitalism did the discipline of economics develop; the fact that in this society people experience and understand their own social relations as a domain of "economic laws" is an important starting point for the comprehension of the system. Marx's development of the classical economists' insight, however, involves a decisive break with economics as the science of these "laws." What is required, if the attempt to understand reality is to be carried forward, is not the injection of sociological observation into economics but the replacement of the latter doctrine with a theory of capitalism that explains the classical theory in terms of the reality to which it was a response.

Marx's work thus fits one of Routh's criteria for a new, more scientific theory of economic phenomena: it rejects the view of "the economy" as a self-regulating world of phenomena, seeing this rather as the appearance of a developing, and changing, set of social relations. The theory in Capital meets Routh's other criteria as well. Its basic concepts (labor, capital, value, surplus-value), while abstract, are clearly abstracted from reality; they are used not for deduction but with constant reference to empirical phenomena (at least half the bulk of Capital is historical material); they are testable, since they are used to formulate a set of historical predictions--the cyclical pattern of capitalist development, a rising productivity of labor, the increasing centralization and concentration of capital--which have in fact been quite well confirmed.

Whether or not he would agree with such a positive evaluation of Marx's views, it is a pity that Routh does not deal with them. But, as Routh says, "we would not expect career economists to subscribe to Marxist doctrine," or, one must add, even to take it seriously enough to study it. This is not just because of its subversive content, but also because its method and spirit are alien to those of economics, heterodox as well as orthodox. Marxian theory is not a new, improved economics, but a critique of the field, an attempt to do away with it theoretically as a contribution to doing away with the phenomena it deals with practically. Marxian theory stands quite outside of and opposed to the dominant ideology. This is why radical economists, even most of those who call themselves Marxists, tend to abandon the theory of value and capital accumulation that forms the core of Marx's work; just as, conversely, so many radicals are ever again drawn to study bourgeois economics. For all his difficulty in stepping beyond the circle of economic thinking, Routh's book has great value because it demonstrates thoroughly that this pseudo-science must be left behind if we are to understand, and change, the world we live in.

Paul Mattick, Jr.
June, 1978

FAMILY ALBUM OF U.S. LEFT CULTURE

For the first time: the story of German, Yiddish, Slav, Finnish, Ukrainian, "Debsian," Communist, Popular Front Culture in America, 1880-1940. Also **Cartoons** by Art Young, and artists from Yiddish and Finnish Socialist humor magazines. **Poetry** by Morris Rosenfeld, Covington Hall, Arturo Giovannitti. **Jokes and Stories** by Morris Winchevsky and T-Bone Slim. L.C. Fraina on Modern Dance. New Contributions by **Peggy Dennis** and **Lester Rodney** on the 1920s-30s. SPECIAL SECTION on Sports and the Popular Front. 116pp (8½x11"), $2.50.
In **Cultural Correspondence**, #6-7, the quarterly of Left Culture and Humor. Subscription: $5/year. c/o Dorrwar Bookstore, 224 Thayer St., Providence, RI 02906

SPECIAL OFFER: One year **Cultural Correspondence** plus Andre Breton **What Is Surrealism? Selected Writings** (Monad Press, 300pp, list $8.95 pbk) both for $10

CORRESPONDENCE

Dear Friends,

I'm not sure where to start. Root & Branch 5 was very interesting, in addition to being readable and well produced. It covered well the subjects Root & Branch is strong on--the working class (as an actuality), Marxism as viable theory, etc. But you had no articles, or even mention, of a whole range of issues and politics that you just don't seem interested in--national and sexual oppression being the obvious examples. So if you're serious about "discussions about the nature of capitalist society, the origins of the present crisis, and the future possibilities of creating a new socialist society," then this should be changed. In fact, it seems to me that all of the articles have the same focus, the same types of conclusions. Now I know how hard a first issue is, but doesn't this reflect a certain political narrowness?

Anyway, it also seems like this narrowness has produced the articles on the "Revolt Against Work" and "A New Class Theory"--polemics really, and the latter reminded me of Trotsky! I think the important point, incidently, about the Ehrenreichs' articles is their focus on the problem of the New Left, where it came from. Although their historical and class manipulations fall short of supporting their argument, there is something there of value for socialists in 1978. If I can quote from an introduction to Pannekoek's Workers' Councils that Root & Branch members wrote, "There is no discussion of problems raised for the movement by divisions between the sexes or races within the working class, nor the role of such growing sectors as students and white-collar administrative workers." Is Comrade Roth writing to solve this problem, or to attack the Ehrenreichs as lousy Marxists?

But the bulk of the first issue is devoted to the growth of the CNT in particular, and the "New Workers' Movement" in general. Interesting enough. You're wrong, of course, to say that the Leninists think that the socialist revolution will come in stages, but I'll get back to that later. I think it's interesting that you devote half the issue to Spain. What about similar articles on other countries and the U.S.A.? I feel, actually, that the one thing that is needed in America is a journal talking about the U.S. working class in a concrete way. You have yet to do that.

And of course this is a broader point: to quote from International Socialism 61, "People often talk about the need to 'develop theory'. In fact, Marxist theory is not developed on the basis of some general wish to theorize. It grows in response to actual problems facing Marxists." Absolutely true. It's an easy out to rely on year-old material from Spain, when things like the coal miners' strike are happening here in the U.S. But for you to criticize Leninists (a nice broad term) for not relating to the U.S. working class seems rather absurd.

You haven't presented, either in this journal or at your forums in Boston, an overall critique of Leninism. I gather you feel the Bolshevik Revolution of 1917 was a putsch. This is an old argument. It isn't helped by your insistence that only those who are "neither leaders nor bystanders but . . . part of the struggle" are of consequence when, of course, leadership will come precisely out of those struggles! As a Marxist I believe the Bolsheviks faced certain material conditions that made it impossible to create a workers' state (ravaged economy, civil war, etc.) and helped the growth of Stalinism. Stalin, I'll grant you, believed that stages were necessary, but Lenin and Trotsky both rejected it. All I can do, since neither of us will be convinced, is refer you to Deutscher's biography of Trotsky and Tony Cliff's biography of Lenin.

I can't seem to pull together a critique of Root & Branch only because there isn't enough there. I will always find Mattick's writing valuable, and the politics of "council communism" need to be pursued. But I feel it's a good likelihood that events, always the final determiner, will leave you behind as you anxiously read obscurer Pannekoek. As Stevie Wonder said, "Trying to tell us from right and wrong . . . but you haven't done nothing."

Kent Worcester

ROOT & BRANCH RESPONDS

We wish you would "pull together a critique of Root & Branch" sometime; so far the charge of "political narrowness" seems to include: a lack of interest in nationalism and sexism, a lack of articles on the American working class, a polemical attitude towards the Ehrenreichs, and an unjustified dislike of Leninism. Our reactions to these points are, respectively:

1. It's true that some of us are less interested in the issues of national, sexual, and racial oppression than are most leftists. In part this is because we feel that emphasis on such sectional struggles has obscured the general problem of the working class. We have therefore put our energies into exploring issues generally ignored, although we are aware of course that these sectional issues exist. Hence the interview with Mujeres Libres in R&B 5; and, it is partially for its discussion of

the national question that we are publishing Paul Mattick's article on Rosa Luxemburg in this issue. In general, however, as we are not claiming to be a vanguard party, we don't find it necessary to have a line on every question of the day, nor to say something about everything in every issue.

2. The other lacuna seems to us more serious. In fact it was easier for us to find out about the workers' movement in Spain than the miners' strike here. None of us here in Boston has access to information other than what anyone else could glean from the newspapers, and it seems pointless to present, in the venerable left tradition, the usual facts warmed over in an entirely predictable analysis. We used the space for Spain not as an "easy out," but because this was material quite unavailable in the U.S.

3. One reason we did not stress the Ehrenreichs' thoughts on the New Left is that their novelty did not impress us since we published similar ideas in R&B 1 (1969, reprinted in our book in 1974). Comrade Roth describes his motives as follows:

> What I attempted in the review of the Ehrenreichs was to acknowledge the questions they raised while pulling apart the theoretical framework of their answers. It seems to me that Marx's definition of class is more useful and more accurate than the one used by the Ehrenreichs; for, while his theory can be used to address the questions they ask, the Ehrenreichs' framework cannot explain the overall functioning of the system unless one drops any pretense of logical consistency. Why use a three-class model to describe the division of labor and a two-class model for economics when Marx's original theory can do both?

The Ehrenreichs' articles have received a fair amount of attention because they tried to explain some of the more depressing aspects of New Left politics--its isolation and its attraction to technocratic versions of socialism. But their answers also proposed a new way of analyzing capitalist society. It is just on this point that I wanted to argue with them, "How does one go about analyzing capitalist society?". I don't consider this to be a narrow or simply polemical issue. To me, this is what political debate in particular, and thinking and consciousness in general, are all about: "How do we go about making sense of the world we live in?".

I also never suggested that we not bother with race, class, or job status issues, only that the Ehrenreichs' discussion is not a very helpful contribution.

4. Regarding Leninism, many good critiques (e.g., by Rosa Luxemburg, Anton Pannekoek, Otto Ruhle, Paul Mattick, and Claude Berger) have already been published, and old ideas can still hold true. (Those who impugn arguments on grounds of age should remember that Lenin's arguments are of necessity even older than those of his critics!) On the minor issue of the "stages theory," a glance at the fifth chapter of State and Revolution should end doubts that Lenin espoused it. Since we also are Marxists, K.W.'s sentence on the limits of the Russian revolution and so on Leninism in its original context sums up our position very well. We do agree, however, that Leninism will require thorough-going criticism as long as it is kept alive as a potential threat to workers taking social power themselves.

To conclude, we hope that in view of the tasks required, K.W. will help fill some of the gaps he has indicated by writing articles for us or further polemics like his welcome letter. And this goes for the rest of you too! Thanks for writing.

SCIENCE for the PEOPLE

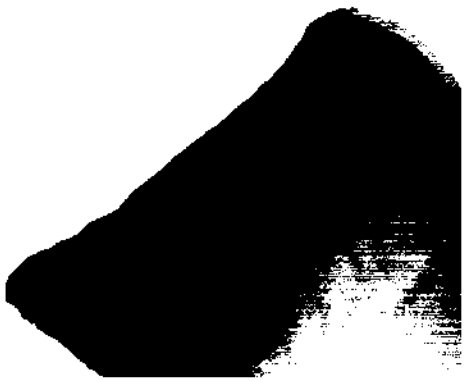
a bimonthly publication

In recent issues:

—Drug Abuse and Social Control
—Who Needs Nuclear Power?
—Women and Agribusiness
—Recombinant DNA: Does the Fault Lie Within Our Genes?
—Sociobiology: A Sexist Synthesis

Science for the People magazine is published by the organization of the same name, a national grouping of people working for progressive social change in many areas of science and technology.

Subscribe now! Send $6 for a one-year subscription (six issues) to Science for the People, 897 Main Street, Cambridge, MA 02139



ROOT & BRANCH

With the 1960s the eternal prosperity, the managed economy, and the attendant "death of ideology" of the post-World War II period came to an end. The combination of unemployment and inflation in the capitalist West and the inability of the state-run systems of the East to satisfy their working classes are producing unsettling effects throughout "industrial society:" the deterioration of conditions in the big cities, which nonetheless draw an increasing proportion of the world's population; the brutalization of the seemingly permanent army of the unemployed, which has been accumulating in these urban centers; the instability of governments in the democracies, in the absence of any clear policy alternatives, inspiring a drift towards open authoritarianism; the development of opposition to the party dictatorships in the East, both in the form of liberalism among the intelligentsia and, more significantly, in that of strike movements among the working classes; and the continuing decay of ideologies and social norms. All this testifies to the basic character of the "limits of growth" that modern society is coming up against.

Whatever disappointments Nature has in store for us in the future, the limits we are encountering now are not ecological but social ones. It is not even socially caused, environmental disaster but the third world war that most directly threatens our extinction. That a fascination with zero-growth has replaced the nineteenth century's discovery of eternal progressive development is only the ideological form of the experience of the bankruptcy as a social system of capitalism and its state-run analog.

As yet we cannot speak of the existence anywhere in the world of forces or social movements which represent a real possibility of social revolution. But, while in no way inevitable, social revolution is clearly necessary if possibilities for an enjoyable and decent life are to be realized--and perhaps if human life is to be preserved at all. For this reason we see the overthrow of the present order of society as the goal to which we as a group wish to contribute. While the ideal we aim for has been called by a variety of names--communism, socialism, anarchism--what is important to us is the idea of a system in which social life is controlled by those whose activities make it up. Capitalism has created the basis of such a system by so interweaving the production and consumption of all producers that only collective solutions are possible to meet the producers' need to control the means and process of production and distribution. To eliminate the problems caused by the subordination of social production to capital's need for profit, the working class must take direct responsibility for what it already produces. This means opposition not only to the existing ruling class of capitalists and politicians but to any future managers or party leaders seeking to hold power in our name. Root & Branch, therefore, holds to the tradition of the worker's movement expressed in the Provisional Rules of the First International, beginning with the consideration "that the emancipation of the working classes must be conquered by the working classes themselves."

From the past we draw not only inspiration and still-meaningful ideas but also lessons on mistakes to be avoided. The fundamental idea of the old labor movement, that the working class can build up its forces in large organizations in preparation for the "final conflict" has proven false. Whether the organization was that of reformist or of revolutionary parties, producer or consumer cooperatives, or trade unions, its success has always turned out to be a success in adapting to the exigencies of survival within capitalism. The Bolshevik alternative of the small vanguard of revolutionaries preparing for the day when they would lead the masses to the conquest of state power has also proven useless for our purposes. Such parties have had a role to play only in the unindustrialized areas of the world, where they have provided the ruling class needed to carry out the work of forced economic development unrealized by the native bourgeoisie. In the developed countries they have been condemned either to sectarian insignificance or to transformation into reformist parties of the social-democratic type.

While history has indicated that there can be no revolutionary movement except in periods of revolution, the principles of such a future movement must guide the activity of those who wish to contribute to its creation. These principles--in contrast to those of the old labor movement--must signify a total break with the foundation of capitalist society, the relation between wage-labor and capital. As our goal is that of workers' control over social life, our principles must be those of <u>direct</u>, <u>collective</u> <u>action</u>. <u>Direct</u>, because the struggle for control of society begins with the struggle to control our fight against the current order. <u>Collective</u>, because the only successes which have a future are those involving (if only in principle) the class as a whole. We recognize that the working class does not have one uniform identity, and thus experiences oppression under capitalism differently according to age, sex, race, nationality, etc.. However, what defines and thus unites the working class is its exploitation by capital, even if the character of that exploitation varies giving the appearance of separate problems and thus separate solutions. While it is true that the struggle against capitalism will not by itself solve these problems, overcoming capitalist exploitation raises the possibility of their solutions. Thus, each working-class struggle, even if it does not address an issue experienced by the class as a whole, must be aimed at the real enemy, capital, and not other members of the class. In the same way, we think workers must overcome in action the division between employed and unemployed, between unionized and non-unionized members of their class. Such a view automatically brings us into opposition to existing organizations like trade unions, which exist by representing the short-term interests of particular groups of workers within the existing social structure. Similarly, we are in conflict with the parties and sects which see their own dominance over any future movement as the key to its success.

We see ourselves as neither leaders nor bystanders but as part of the struggle. We are for a florescence of groups like ours and also for cooperation in common tasks. We initiate and participate in activity where we work, study, and live. As a group, we would like to be of some use in making information available about past and present struggles and in discussing the conclusions to be drawn from this history and its future extention. We organize lectures and study groups. Since 1969 we have published a journal and series of pamphlets. We hope others will join us to discuss the ideas and the materials we publish and that they will help us to develop new ideas and means to circulate and realize them.